





Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

CA1 Z1
-44021

Government
Publications
cage

Canada. Royal commission on coal.

Minutes. v. 5-8, 1945.

1946

A.R.
C. XVII

A

CANADA

176

ROYAL COMM. ON COAL

MINUTES

5-84

510484
21.8.50

A.R.
C. XVII

Gov. Doc.
Can
Com
C

Canada. Coal ...
[Minutes ...]

331

5

[Vol. 5]

ROYAL COMMISSION ON COAL

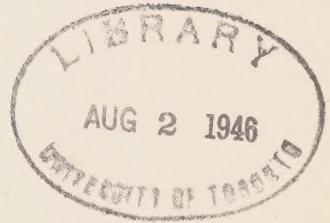
Sydney, N. S., January 22nd, 1945.

Fifth Day.

WITNESSES

T. C. McCall.

510484
21.8.50



LIST OF EXHIBITS - JANUARY 22nd, 1945.

- No. 19. statement showing tons per man,
Colliery Labor only, Dominion Coal
Company, Cape Breton Operations. Page 332½
- No. 20. Memorandum on Privileges & Welfare
Plans, Dominion Coal Company. Page 336
- No. 21. Agreement between Dominion Coal Co.
Ltd. (Cape Breton and Springhill)
and District No. 26 U.M.W. of A.
Effective November 1st, 1943. Page 394
- No. 22. Agreement between the Old Sydney
Collieries Ltd. and U.M.W. of A.
District No. 26, effective
November 1st, 1943. Page 394
- No. 23. Agreement between Acadia Coal Co.
Ltd. and U.M.W. of A. District No.
26, effective Nov. 1st, 1943. Page 394

EXHIBIT 19 - Dom. Coal Co. Ltd., Cape Breton Operations - Statement showing tons per man, Year 1944, Colliery labor only.

CLASSIFICATIONTons per ManSurface Labor

Foremen and Colliery Clerks
Screening and Loading
Enginemen
Firemen
Colliery Mechanics
Colliery Carpenters and Masons
Other Surface Labor

TOTAL SURFACE LABOR

9.93

Underground Labor

Overmen and Examiners
Horse Haulage
Mechanical Haulage
Ventilation
Roadmakers
Timbermen
Brushers
Stone Dusting
Pumpmen
Mining Machine Attendants
Pipemen and Mine Mechanics
Material Men
Laborers
Pan Movers

TOTAL UNDERGROUND LABOR

2.69

Mining Labor

Machine Mining
Longwall Mining
Brushing and Packing
Check Building and Drawing

TOTAL MINING LABOR

5.35

TOTAL LABOR

1.52

Note:- Above labor includes all employees at individual collieries except Colliery Managers, Colliery Underground Managers, Colliery Chief Engineers, Colliery Warehouse Clerks, Colliery Watchmen, and employees engaged in work charged to Renewals or Capital.

COMPTROLLER'S OFFICE
January 20, 1945.

SYDNEY, N. S., MONDAY, JANUARY 22nd, 1945 - 10:00 A.M.

WITNESS - T. L. McCALL

EXD. BY MR. FRAWLEY

Q. Mr. McCall, you were asked the other day about the matter of the per-man per-day production, and you seemed to be a little bit confused about it. Have you done something about that?

A. Yes, I have prepared a statement on this which shows exactly the people that are included at the collieries in arriving at the tons per man per shift.

Q. Have you anything to say about it, Mr. McCall?

A. I think the full explanation is contained in the statement.

BY THE CHAIRMAN - I just don't understand the percentages, 9.93, 2.69 and so on. Is that percent?

A. That is tons.

Q. From that particular group?

A. Yes, of the surface workings.

Q. And the whole group is 1.52?

A. Yes.

BY MR. FRAWLEY - Speaking of the surface labor, in clearing up the matter of how many office people were included, there are certain colliery clerks?

A. Yes.

Q. And those are the only office workers included?

A. Yes.

Q. And they are workers in the colliery offices?

A. Yes.

BY COMMISSIONER MORRISON - On this last item Mr. McCall

"Mining Labor" you have Machine Mining, Longwall Mining, Brushing and Packing, and Check Building and Drawing. That is your total production at the coal face?

A. These are the men that were included in our mining classification as producers at the coal face. Where you change over from Room and Pillar where the men do all these operations themselves, their own timbering and so on, and that is why we included that in our Longwall operation.

Q. Does that include the operation that is not Longwall?

A. Room and Pillar too; all mining.

BY MR. FRAWLEY - You say Machine Mining, but Room & Pillar mining is Machine Mining?

A. Yes.

Q. I am wondering if something more should be said about it. Let me ask you this - Why does surface labor show such a large tonnage per man, almost 10 tons per man, while the total underground labor shows only 2.69?

A. Well the surface labor is handling the coal, the whole output of the mine, and they have just to discharge the coal as it comes up from the mine cars, pick it over, and load it into railway cars, and they have to load the material for underground.

BY COMMISSIONER McLAURIN - Not so many men?

A. That is right.

BY MR. FRAWLEY - The difference between total underground labor, haulers, and people who look after ventilation, etc.?

A. That is the datal class.

Q. And their output by themselves is only 2.69?

A. Yes, there is a large number of them.

Q. That is perhaps because there are a large number?

A. Yes.

Q. And you have more to divide into the number of tons?

A. Yes, correct.

Q. And when you come to Mining Labor you have less men and less to divide into the number of tons?

A. Yes.

BY THE CHAIRMAN - I see that Mr. Cohen, K.C. of Toronto is here on behalf of the Miners Union.

BY MR. COHEN - It is gracious of you to give me recognition in that way, particularly in regard to the fact that it is almost vicious practice, I suppose.

BY THE CHAIRMAN - The Commission wishes to welcome you, and I know you will be of assistance to the Commission, and

I ask for your full co-operation, which I know we will get.

BY MR. COHEN - Thank you very much.

EXM. BY DOUGLAS McDONALD

Q. I would like to ask Mr. McCall, in the different districts there are certain men employed or at least to work around the Superintendent's residence, such as gardening, or looking after their cars, etc., and also work around the Manager's. Would you tell us to what particular department those are charged up?

A. Not against the colliery force.

Q. How are they charged up?

A. To general expenses.

Q. Do they come under the man day per ton?

A. No, only the colliery force comes under that.

BY MR. FRAWLEY - So that expense is not reflected in the per ton cost of coal?

A. Not of the colliery.

BY DOUGLAS McDONALD - I don't quite understand that. It must reflect itself, it is a cost against the industry?

BY COMMISSIONER McLAURIN - Certainly.

BY DOUGLAS McDONALD - It must reflect itself.

BY MR. FRAWLEY - To be fair to Mr. McCall, he tells me it is not reflected in the ton cost of coal at the colliery.

BY MR. McDONALD - How does it reflect itself?

MR. McCALL - It will eventually come through of course. Everything that is paid out in the Dominion Coal Company has to come out of the ton of coal.

EXM. BY MR. B. FORTUNE

Q. When you have men that work around the mine, that go out in the morning and report for duty, if they spend the day working in the Superintendent's garden or on his car, I know they are paid on the payroll. If they work 2 hours as mechanics for the colliery, and 6 hours on the Superintendent's car, do you split their day's pay and charge so much per ton to the colliery office?

A. There are certain men that are assigned according to our agreement with those people, to assist them in looking after their residences, and those are not charged against the colliery.

Q. If I might give you an example. If four men report for duty at the mine at 7 A.M. and they were told to spend the day in the Superintendent's garden, are they charged in the tons?

A. I would not know about that. We have certain men assigned for that duty.

Q. I wonder if you would tell us who we could get that information from?

BY MR. FRAWLEY - If it is important of course I can get it. If the Commission say they want to know the manner in which those expenses are reflected in the cost of coal, it is a very simple thing for me to get it.

BY COMMISSIONER McLAURIN - As far as I am concerned, even if it should happen that the privilege of using gardeners is abused, I think it is such an insignificant matter in the problems that we are wrestling with, that we don't need any further information on it.

EXM. BY MR. SCOTT - If a novice man takes sick, how long do you keep him on the payroll?

A. That depends entirely Mr. Scott upon the conditions, upon the circumstances.

Q. Would he be a charge all the time he is receiving his pay while he is sick, would he be a charge against the cost of tons per man.

A. He won't be in the tons per man, but he will naturally be a charge against the cost.

Q. If a novice man is injured in the mine, is it the custom of the country to make up his wages?

A. I would like to correct that. He will come in against the tons per man. I made a slip there. He will come in on the cost.

Q. If he is injured and on compensation, is it the custom of the Company to make up his wages?

A. Very often it is done; but again it is a matter of

circumstances, and these are taken into consideration in arriving at a decision.

Q. Would that go against the cost?

A. Oh yes.

BY MR. FRAWLEY - Referring to Exhibit 19, that is the weighted average, of course? The 1.52?

A. An average of all the shifts worked against these different classifications, divided into the tonnage.

Q. There is a lot of figuration that goes on in connection with that?

A. Oh yes.

BY MR. FRAWLEY - Now you may proceed with another Brief, Mr. McCall.

Exhibit 20 - PRIVILEGES AND WELFARE PLAN

EXM. BY ALLAN MCPHEE, representing Mine Workers.

Q. On page 2 of your report Mr. McCall, Memorandum on Coal Reserves, (Exhibit 18) paragraph 2 - "Again there are still other areas now inaccessible that may or may not contain seams of coal worth working". I would like to know just what seams those are?

A. Mr. McPhee, this matter was all explained fully at the time when the Memorandum was read, but I may briefly point out to you that there are some submarine seams of which we have no knowledge, that is, outcrops have come up in the bed of the ocean and nobody knows about them, but they may be there. There was another remotely inaccessible area in connection with the Blockhouse seam at Morian, but I pointed out that it was probably out to sea two miles before one could operate it if conditions continued out unchanged in the submarine areas.

Q. What I did have in mind was the shaft that was sunk at Dominion known as No. 23. What was the outcome of the exploration made there?

A. Is that the one to the Gardiner?

Q. That is what I am asking the question on.

A. Unfortunately that seam, the Gardiner seam, at that point

did not, when we got down with the shaft, develop in the way in which it was expected it would from the boring that they had done previously. Now in connection with that perhaps I might point out that the Company was criticized by Mr. Ling somewhat, or at least I took it that way, in driving exploratory tunnels of seams instead of boring. That was a clear example of how you can be misled by a bore hole, because when they sank that shaft they found the Gardiner seam unfit for work at that point.

Q. You had no idea at the outlay in connection with that boring? There was a Bankhead out there too and later dismantled and sold?

A. It must have been of a very rudimentary nature. A wooden thing that would not cost very much.

Q. You would have no idea of the cost involved?

A. No, that was before my time down here. I have no recollection of what cost was there Mr. McPhee.

MR. J. L. COHEN - I wonder if I might state at this point, having regard to the fact that I arrived quite late last night and have had very little opportunity to examine into some of the technical details, I might indicate that perhaps at some later time I may desire to question Mr. McCall in connection with this matter.

BY THE CHAIRMAN - You will be given an opportunity.

BY MR. COHEN - And perhaps with your indulgence I might state a word as to the position or concept as my clients and I see it, which determines the scope and plan of this Commission, and consequently the basis upon which we can to the utmost of our ability co-operate with it, and in our own very modest way contribute best to it.

I understand it is in effect an inquiry by the Dominion of Canada, through the distinguished members of this Commission, into the coal resources available to Canada. An item as stressed in one of the briefs filed by the Company tied in very intimately with the National Defence of

the country, and that Canada wants to know just what coal resources are available to it, and how effectively and rapidly and even cheaply it can secure them, but on the basis of some decent standard of conditions and so on with respect to the men, all of them, Management and Officials, engaged in producing that coal.

I say that only because, particularly having regard to the brief coming along, I would be most unhappy if the Commission felt that my clients, or I, felt that this provided a forum for some sort of contest between the Company and the Union, and that you were to come down, as others have at times, as Referees to deal with that.

There may be items of difference of opinion between the Company's representatives and ours as to what relates most directly to securing for Canada as effectively as possible the largest quantity of coal, and it may be that these differences of opinion have to be presented, but may I assure the Commission that that will only be done in as far as is absolutely necessary to indicate in the clearest way the main question, how much coal is available for Canada as a nation, and how effectively can Canada secure it.

BY THE CHAIRMAN - The fact that it can be secured and how efficiently it can be distributed?

MR. COHEN - I mean to the consumer of course, and as far as he is concerned naturally until it is distributed he has not got it. At least that is what my wife complains about, the deliveries, and it is not secured until it is in the bin so far as she is concerned.

BY MR. McCALL - Perhaps if our friend Mr. Cohen lived nearer Nova Scotia supplies might be more regular.

BY MR. COHEN - I may say that every time I have come serious impediments have been placed in the way of my arrival. If that was reversed I expect the wish (I take it to be a wish) of the Company will be fulfilled.

BY MR. McCALL

Now Brief, Exhibit No. 20, deals with the Privileges and Welfare Plans enjoyed by the Employees of the Dominion Coal Company, Ltd.

The population dependent upon employment at the collieries in the Sydney coal field have for fifty years and more supported a unique communal plan of medical and hospital services conceived and then put into successful operation by individual contributions collected through the Company pay-rolls, long before the world at large began to discuss socialized medicine.

Other beneficent co-operative associations of equally long standing are the Relief Associations originally formed to give financial relief to members disabled for work by all kinds of injuries or by illness.

Monetary relief is now provided for occupational accidents through the Workmen's Compensation Act, but the Relief Associations still persist for non-occupational accidents or illness.

The background of employment and of social conditions in and around the mining towns as given above is one of long growth in insular and isolated communities where a practice of communal self-help grew up, always with the sympathetic and helpful assistance of management and of local officials who themselves, then as today, have by their skill and perseverance, graded from the ranks.

Any description of employment conditions in this coal field is not complete without incorporating this traditional background.

COLLECTIVE AGREEMENT

The employees of the Dominion Coal Company are highly organized, practically all being members of the United Mine Workers of America. As a result they enjoy the privilege of Collective Negotiation of rates and working conditions and

the right to work under a contract setting forth such rates and conditions. This privilege has been theirs for many years prior to recent legislation to that effect.

Such practice is thoroughly democratic and is capable of effecting much good. It is also capable of impeding general progress unless it is administered under a proper sense of responsibility both to its own interests and that of the general public. It must be acknowledged that our employees have not always lived up to the responsibilities and obligations which their organization implies.

CHECK-OFF AND COLLECTIONS

Under the Wage Agreement between the Union and the Company, the Union is relieved of the trouble and expense of collecting dues from its members and enjoys the privilege of having the Company do so. Although this practice is now provided for by law, it has been voluntarily granted by the Company for many years previously.

In addition, and also required by law though also established by practice for many years prior thereto, the Company makes deductions from its employees' wages for doctors' fees, dues to Benefit Society, contributions to hospitals and churches specifically and voluntarily for many other collections authorized or requested by the employees, such as rent, coal, taxes, instalments on purchase of real estate, etc.

This arrangement results in an assurance to the employee that certain of his financial obligations are met and paid promptly by the Company on his behalf, and relieves him of the necessity of making numerous weekly or monthly payments in person as he would otherwise be required to do.

The necessary increase in the Company's clerical staff required to look after the many, many thousands of such deductions on behalf of its employees calls for a very considerable cash outlay on the part of the Company in payment of that increased staff and forms a substantial contribution by the Company to its employees. At the moment the Company checks off

for some thirty-one items, the cost of doing so amounting to \$60,000.00 annually.

The 'check-off' is a privilege in respect to which it is a very debatable point as to whether or not it reacts to the employees' real advantage.

Check-off of Union dues has not resulted in building up an interested membership of Unions in which individuals accept and share the responsibilities of rights they acquire, nor has it tended to provide Unions with the best leadership. It is worthy of note that in Great Britain, Mother of Trade Unionism as of many other worthy institutions for the benefit of man, unionists themselves refuse to make use of the check-off.

With respect to the other items of the check-off, though it undoubtedly does relieve the employees of some bother in attending to individual accounts, he does not actually handle all his earnings and he somehow gains the impression that his "take-home" pay, i.e., the amount in his envelope after the check-off, is really his entire earnings. This has had a bad psychological effect which frequently results in his thinking that he is underpaid when the very opposite is actually the case. Check-off also tends to blind an individual to his civic responsibilities.

DOMINION COAL WORKERS RELIEF ASSOCIATION

The object of this Association is to provide financial assistance in the case of temporary illness or non-occupational accidental injury and at the same time the Association underwrites insurance in case of death by making a lump sum payment followed by monthly payments to the beneficiary's immediate family.

The Association is self-governing, being managed by a Board of Directors made up of ten drawn from and representing the employees, five representing the Company and one representing the Provincial Government.

Funds are acquired from three sources, viz:

- (1) Payment of 30¢ per week by each employee.
- (2) Contribution by the Company amounting to 32½¢ per month per employer.
- (3) Contribution by the Provincial Government amounting to ½¢ per ton of coal mined.

Relief for temporary illness or accident is paid according to the following schedule:

- (1) First 6 months of lay-off at \$8.00 per week.
- (2) Second 6 months of lay-off at \$5.50 per week.
- (3) Succeeding 24 months of lay-off at \$3.50 per week.

There is further provision enabling lump sum payments up to \$400.00 in addition to the regular weekly disability allowance to be made in case of accident permanently disabling a member..

In addition to the above sick benefits, which may be enjoyed on more than one occasion, the Association pays death indemnity as below:

- (1) Lump sum payments to widow of \$100.00 at the time of the employees death.
- (2) Payment of \$10.00 per month to widow for five years.
- (3) Payment of \$3.00 per month per child until child has reached the age of 14 years.

BY COMMISSIONER MORRISON - No limit on the number of children?

A. Yes, it is limited up to 4, I believe.

BY MR. DUBINSKY - No, there is no limit to the number of children.

BY MR. McCALL - No limit to the number of children, but it is limited to 14 years.

BY COMMISSIONER MORRISON - Which is it?

BY MR. FRAWLEY - There is no limit to the number of children, Mr. Dubensky says.

BY COMMISSIONER McLAURIN - And the age limit is 14 years?

A. Yes.

MR. McCALL (continues)

As at the end of the year 1943, the Association had investments of Government bonds and other approved

securities amounting to \$214,349.50, and its financial statement shows a surplus of \$134,102.12. The total disbursement for that year amounted to \$157,394.68. These figures are quoted from the audited financial statement and report for the year mentioned.

Comment on the secure financial standing of the Association is necessary, and it is likewise needless to remark on the relatively large amount of insurance held by the employee in consideration of the amount he contributes.

Membership and the privileges accruing therefrom are not participated in by others than employees of the Dominion Coal Company.

Q. Does that not include the North side?

A. They have their own, where they have it, but this is just purely Dominion Coal Company.

MR. McCALL (continues)

Pensions - A Pension Plan was instituted in 1923 and pensions first paid in 1924. The payment of pensions is purely voluntary on the part of the Company and constitutes no contract and confer no legal rights upon any employee. Employees do not in any contribute to the Pension Fund.

Pensions may be granted after twenty-five years of service to any male of 65 or any female of 55 years of age.

The amount of the pension paid per month is one percent of the average monthly wage earned by the employee during the last ten years of service multiplied by the number of years of his entire service limited to not more than \$75.00 per month.

At date the Coal Company pays a total of \$109,500.00 per year to its 247 pensioners, an average of \$36.00 per pensioner per month.

And since this Memorandum Sir, we have increased the Pension Fund, with the result that at this time there are some 288 former employees of ours who are receiving pensions.

some 288 former employees of ours who are receiving pensions.

of ours who are receiving pensions.

BY MR. FRAWLEY - This figure should be corrected then?

A. That was correct at the end of the year when this was written.

BY THE CHAIRMAN - But it is now?

A. 288 for the Dominion Coal Company, Cape Breton and Springhill mines.

BY MR. FRAWLEY - Dominion does not operate in Springhill, does it?

A. Yes. If you want just plain Dominion, it is 256 now.

BY COMMISSIONER McLANDERS - Springhill is Cumberland and that is solely owned by Dominion. Acadia is Nova Scotia.

BY MR. McCALL - That is right. If you want it just for Dominion Coal it is 256.

BY MR. FRAWLEY - And 32 for Springhill?

A. Yes.

Q. And do you say there is something like this at Acadia and Old Sydney?

A. I am not familiar with that.

BY COMMISSIONER McLANDERS - That figure is correct for the amount given is it, for the 247? But at the present time it is 288.

BY MR. FRAWLEY - But there are now 256 Dominion. You have not got the corresponding amount paid?

A. No. I might say there will be a further number added at the first of February. In other words, we got an additional appropriation allowed for pensions fund, and we are distributing it.

Q. How often do you decide when they are coming on the scene?

A. As vacancies occur. We have a certain amount appropriated for the Fund, and a certain amount of that is against the Dominion Coal Co., and we fill up that appropriation with a complete number of names to take care of that, and as vacancies occur fresh names are brought up to fill the vacancies.

Q. And you take the old men and put them on?

A. It is not necessarily age.

BY MR. JENKINS - Say there was \$100,000.00 appropriated one year for those pensions, and 200 are on, and there may be 40 or 50 more go on, but they cannot go on until 40 or 50 of them die?

A. If the number of pensions absorbs all the appropriation you can't put on more men until there is an opportunity.

Q. Until some pensioner dies, that is the opportunity?

A. Yes.

BY COMMISSIONER McLAURIN - So Mr. Jenkins is right, that the death feature is the one which opens up room for someone else?

A. Yes.

BY MR. McPHEE - Has there been a departure from that custom starting the first of this year? I understand 35 have been placed on pensions.

A. Yes. I said there had been an increase in the appropriation granted, and we are increasing the number of pensioners as from the beginning of the year. Some have been added in January and some more will be added beginning February. I have been reminded that the original appropriation was \$150,000.00 a year, and this was increased by \$100,000.00 as from the first of the year, and when we have spread our share of this appropriation, the Dominion Company's share, among the applicants for pensions we will have pretty well cleaned up the list.

BY COMMISSIONER McLAURIN - It is \$150,000.00 here?

A. Yes, and now increased to \$250,000.00.

BY MR. FRAWLEY - And you state that when Dominion gets her share of that?

A. Yes.

Q. The \$250,000.00 is an appropriation by Dosco?

A. Yes.

Q. For all of its subsidiaries, coal mining, steel and everything else?

A. Yes, Dominion Coal Co., Steel Co., Wabana, Port-au-Port, etc.

Q. Right from Iron Mines to Defence Companies, they all participate in this one big appropriation of Dosco.

A. Old Sydney Collieries does not, and Acadia Coal.

Q. Because they are Nova Scotia Coal?

A. Yes.

Q. The Steel Mills at Trenton would be the same?

A. Yes.

Q. Because they are Scotia Companies?

A. Yes.

Q. So eliminating the Scotia interests, Doseo makes an appropriation of \$250,000.00?

A. Yes.

Q. And of that Dominion Coal Company gets an appropriation?

A. Yes.

Q. And as of January 1st, 1945, that appropriation is what?

A. I will have to get you that. It gets the largest appropriation, but it varies as circumstances arise. You might get one company with a large group of pensioners coming in at one particular time.

Q. Perhaps when you come on the stand again you might bring this memorandum?

A. We can show you our present position on it.

BY COMMISSIONER MORRISON - A little intelligent speculation too about it, I suppose?

A. It deals with life and is an Actuary's job and highly specialized.

Q. Do you employ an Actuary?

A. No, we don't employ an Actuary for this.

BY THE CHAIRMAN - The importance is that all present applications will be taken care of at the first of the month?

A. About all the applications.

BY MR. FRAWLEY - What do you mean by applications?

A. Well a person applies to be put on the Pension Fund when he is getting beyond work.

Q. You don't become qualified to apply upon reaching a certain age?

A. Yes, after 65, providing you have had the service with the

Company.

Q. Age 65, and 25 years service?

A. Yes.

Q. You don't insist upon him going on pension?

A. No.

Q. And he cannot apply unless he has had 25 years service?

A. No.

MR. McCALL (continues brief)

LOW RENTAL OF HOUSES

On its inception some 50 years ago, the Company adopted the policy of assuring low rental for houses to its employees. This policy has continued through the years and to this end the Company built several hundreds of employees' dwellings.

Rental paid by an employee for a Company owned dwelling averages \$9.00 per month, with a \$15.00 maximum, the latter being for the better class houses. All are completely equipped with plumbing and sanitation except a very limited number in districts where sewers are not available.

These rentals do not cover the cost of maintenance and in the last ten years the Company has expended in maintenance of dwellings more than \$100,000 in excess of the rentals collected.

Many a workman secures a house from the Dominion Coal Company at less than half the rent he would pay an ordinary landlord. This to the employee must be considered as part of his wages.

LOW PURCHASE PRICE OF HOUSES AND LOTS

In order to satisfy the employee's desire to own his own house, the Company in 1921 undertook to sell to suitable employee-purchasers dwellings at prices less than half the value of the building. Lots also are sold to the prospective builder under similar advantageous arrangements.

A small down payment of \$25.00 or more if the purchaser desires, is made at the time of purchase, and the balance is paid off by payroll deduction at rates running from \$2.00 per week up. No interest is collected on the unpaid balance.

Since 1921 approximately 690 employees have benefitted by buying their own houses under this easy arrangement, and an additional 797 have purchased building lots.

This makes the employee feel more secure. Management is pleased to have such evidence that many of its best employees have a stake in the community and workmen are equally glad to have the pride and reassurance of owning their own homes. This is further evidence of long-run value for both men and management as a result of working together.

PURCHASE OF SUPPLIES

Employees of the Dominion Coal Company are allowed to purchase coal for their own needs at a price considerably below the actual cost. This saves the employee an amount of \$3.00 on every ton of coal he purchases.

The Company's warehouses stock certain articles of wear especially made with a view to the safety of the worker working in the mines. These include such items as boots, hats, goggles, gloves, overalls, long rubbers, etc. and are available to the employees at cost.

The Company also supplied certain tools to its employees except those required by skilled tradesmen.

(Page 250 follows).

(Page 350 follows)

ASSISTANCE TO EMPLOYEES

Quite frequently an employee is in need of financial assistance to tide him over times of distress occasioned by illness of himself or some member of his family.

The Company is always willing to help a deserving employee over such a difficulty, permitting him to make repayment by small instalments without interest, and many have taken advantage of this privilege.

PRIVILEGES WHILE ON MILITARY SERVICE

When an employee enlists or is called for military service he is assured of being re-employed by the Dominion Coal Company after the end of the war, as required by law.

In addition, the Company supplies household coal free of charge to, and collects no house rent from, the family of any employee on active service.

ASSISTANCE IN PURCHASE OF WAR SAVINGS
CERTIFICATES AND VICTORY LOAN BONDS

In order to assist its employees in purchasing War Savings Certificates and Victory Bonds, the Company makes weekly payroll deductions until the amount subscribed by the employee is accumulated in full, when the Certificate or Bond is delivered to him fully paid up.

The Bonds are delivered to the employee with all coupons attached and the Company charges no interest on unpaid balance over the period of instalment buying. As a matter of fact, the Company subscribes for these bonds when the intention to buy is stated by the employee and holding and other charges to date have cost the Company approximately \$63,000.00.

This is one way in which workmen and management can and do share in contributing to the war effort. As a result of this co-operation it is possible for an employee to purchase a bond at a cheaper rate than offered by any bank or broker. All employees are urged to take advantage of it.

I would like to say, sir, in this matter of the purchasing of these Victory Loan Bonds we have had a marvellous

response from our employees; they have done a wonderful job in that respect.

BY THE CHAIRMAN: That is very well known throughout the country.

MR. COHEN: I take it, My Lord, that the inflection on the word "that" was intended.

BY COMMISSIONER McLAURIN: I didn't get it.

BY MR. COHEN: It is something like bidding in bridge. I don't know what was meant by "that respect".

MR. McCALL: As regards bonds.

TRANSPORTATION OF WORKMEN TO AND FROM WORK

In order to afford transportation to employees living long distances from their work, the Company operates twenty-four Workmen's Trains every normal working day. No charge is made to the employee for this convenience, thus affording the workmen a saving which might logically be regarded as part of their wages. Certain employees use busses or private cars, but that is because it suits their convenience to do so.

BY MR. FRAWLEY: These trains you speak of, twenty-four workmen's trains, are those S. & L. trains?

MR. McCALL: S. & L. trains, yes.

COMMUNITY MEDICAL SERVICE

Through arrangement with the local practitioners, medical services are supplied to the Dominion Coal Company employees on a community basis.

Each employee is privileged to select any one of a number as his own medical doctor and at the small cost of 40c. per week he is thus assured of competent medical service for both himself and the members of his immediate family. This fee, which also includes surgery and the cost of medicine, is collected by the Company from the employee's wages and payment made direct by the Company to the specified practitioner.

The practice of workmen paying for medical service through payroll deductions has been in effect since the formation of the Company in 1893. It is believed that the Dominion

Coal Co. was among the very first to institute this practice.

This pooling of interest in medical aid is of very great benefit to the Coal Company employees. The fee is so small as not to be greatly missed by those fortunate enough not to require medical aid, while the less fortunate employees who meet with illness of themselves or families are assisted in times of need. It is a form of Social Security and Community Insurance to be highly valued.

HOSPITALIZATION

As with medical service, the employee of the Dominion Coal Company is similarly fortunate in being able to participate in a Community plan for Hospitalization. Each again may select the hospital of his choice and a weekly contribution varying from 40c to 45c assures a bed and nursing service to himself or any member of his family when needed.

In addition to the employees' subscriptions, and in order to make the plan fully operative to the greatest advantage of the employee, the Dominion Coal Company makes a substantial yearly contribution to each hospital. The Provincial Government also contributes to the cost in the way of a per diem allowance for each patient treated.

FIRST AID TO THE INJURED

Throughout its whole area of operations, the Dominion Coal Co. maintains First Aid Stations with trained attendants available during all working hours. Further, all officials working underground in the collieries carry with them supplies for rendering First Aid on the spot. Employees are urged to visit the First Aid Station or make contact with an official immediately on receiving the slightest injury.

In addition to the above, metal containers in which are stored stretchers, blankets, splints, bandages, etc., are kept at strategic points in the mines and are always available at need.

The Company also maintains a 24-hour ambulance service to facilitate in the removal of the more seriously injured from the place of accident to the hospital or to the injured person's home.

TRAINING IN FIRST AID: Classes in First Aid, under the auspices of the St. John Ambulance Association (London) have been carried on by the Dominion Coal Company since 1921. Instructors of these classes are all men of experience in mining and all hold Instructor's Certificates from the St. John Ambulance Association.

Yearly the Mine Managers and other Departmental Heads select from their workmen a number who in their judgment should have First Aid Training and any employee actively interested in receiving such training may avail himself of the opportunity. As a general rule from 300 to 400 employees take these courses each year.

After having been given instructions and practical demonstration in the work of rendering First Aid, the class is examined by a Medical Officer appointed by the St. John Ambulance Association and on satisfactorily passing the examination, the successful candidates are awarded first a Certificate, secondly a Voucher, thirdly a Medallion, and fourthly a Bar to the Medallion attesting as to qualification. No two grades of awards are made in any one year.

The work done by First Aid men has been commended by attending surgeons and these classes afford the Coal Company employees an opportunity to be of inestimable value to himself or his fellow-worker; in fact many instances are known in which first aid rendered by a trained employee has saved a fellow workman's life.

The entire cost of conducting these classes is paid by the Company, and this includes Enrollment Fees, Instructors' Fees, cost of Instruction Manuals, Certificates, Medallions, etc.

TRAINING

Two definite training programs are in effect in the Company's operation, the one for Supervisory Personnel and the other for face miners.

Courses in Job Instruction Training and in Job Relations Training have been given at all Collieries to the majority of the Supervisory Personnel and a trained instructor is presently engaged on this and follow-up work.

Under the auspices of the Government, training classes for young men who wished to qualify for work at the coal face were instituted at several of the Collieries a year ago. This course runs over four months. The Company supplies equipment and material and pays half the trainees' wages while the Government pays the instructors and the other half of the trainees' wages. Trainees during this period earn a minimum of \$6.05 per day. In groups of four they spend five days of the week at actual work, under instruction, at the working face, and on Saturday mornings attend lectures given by a qualified instructor.

I might say, sir, that this training of men to work at the coal face was put forward by the Company themselves first of all and later it was taken hold under the Government Training Scheme of the Department of Labor and taken under their wing and carried on. To date we have trained 40 men and we have at present another 41 undergoing training by these training classes. This is to try and make good our present shortage of face workers.

BY MR. FRAWLEY: This is something outside the terms of the Union agreement, is it?

MR. McCALL: It is not written in at all.

BY MR. FRAWLEY: That is not a term of the Union agreement?

MR. McCALL: No, it is not, but this training plan down here comes under the charge of the Maritime Director of Industrial Training, Dr. Sexton, and in the field there is a commit-

tee composed of one representative of the Federal Department of Labor, a representative from the Department of Mines, a Union representative and a Company representative. They form up the committee who administer it down here and look after the operation of the training plan.

OPPORTUNITY FOR PROMOTION

Promotion in the Company is by merit. Of course, consideration is given to other features as well, but in the ultimate it is merit which is the determining factor.

Every Superintendent, Mine Manager and other official down to the shot-firer has been promoted from the ranks.

There are numerous opportunities for advancement. The Company is always on the look-out for men who are worthy of promotion, and will afford any employee the opportunity of putting his effort to better use.

The ~~Provincial~~ Government also has interested itself in developing talent, and conducts night classes through the winter months so that any workman desiring to do so may qualify for any position requiring a Certificate of Competency. And there is no cost to the employee taking advantage of these night classes.

Education is necessary just as good physique is essential. In addition the main qualifications for advancement are character, reliability, determination, industry, and intelligence. Experience and training are given the man showing these qualifications, but there are no short cuts to promotion; it must be earned. Men must have prepared themselves and be ready when their opportunity arrives. There are, however, many opportunities and the Management welcomes discussing the matter with any employee who desires to better his position.

BY THE CHAIRMAN: Through the Provincial examinations once a year, is it?

MR. McCALL: Yes.

BY MR. FRAWLEY: Under the Mines Act?

A Yes.

Q You don't deal with the ordinary school education that these miners take? This is something else, I understand?

A Well, the school they take is preparing themselves for these examinations.

Q Oh, it is all leading up to that?

A Yes.

Q Don't they go to night classes?

A Yes, that is leading up to that.

Q There is no ordinary, what you might call academic education that is conducted for itself?

A Oh, there is in districts, yes, certainly, but I was dealing particularly with these mining classes.

BY THE CHAIRMAN: Of course they have got to have the experience as well?

BY MR. FRAWLEY: The practical experience, yes, surely.

Mr. McCall continues:

SECURITY OF EMPLOYMENT

Any workman's job is entirely dependent on the success of his employer's operation while, on the other hand, the success of any operation is quite as dependent on the co-ordinated effort put into it by the employees, it really doesn't matter whether the employee is the President, the most newly-hired albourer, or any one of the thousands in between. It is the group co-operation that counts, a realization of interdependence of employer and employee and a determination on the part of everyone to put forth maximum effort.

Of course, in any enterprise of as large proportions as the Dominion Coal Company, operations are governed to some extent by circumstances beyond the control of either employer or employee, but not always entirely so.

The coal mining industry of Nova Scotia has had its "ups and downs" in accordance with the trend of business throughout the Dominion. Normally, also, there are seasonal fluctuations in production.

When the demand for coal slackens off, the distribu-

bution of work amongst the normal number of almost 10,000 employees of the Coal Company is sometimes a difficult problem.

In such times the Management of the Company gives much careful thought to the equitable sharing of what employment there is available. The responsibility for increase in available work is one in which all share. Employees can make their product the most-desired coal obtainable. That simply means that their coal must be marketed in a condition free from impurities, and at a cost attractive to the purchaser.

The buyer wants cheap coal, wants clean coal. And that is what he will insist on getting. If he cannot get it from us, he will turn to foreign or other Canadian supplies to fill his requirements. Cheaper coal, cleaner coal, means increased demand; increased demand affords opportunity for greater production; greater production spells steadier work and more men employed.

Every employee of the Dominion Coal Company is assured of employment as long as his coal can be sold. That coal can be sold only as they prove themselves to be the better producers.

EMPLOYEES NEGOTIATING COMMITTEES

In the ultimate and for all major negotiations, the Executive of the Union is the authoritative means of contact between employee and management of the Company. Meetings of the two are held at frequent and regular intervals.

However, there has been set up at each Colliery a Mine Committee whose duties consist of the adjustment of disputes between the Mine Management and the colliery employees.

Ample opportunity is afforded thereby for amicable settlement. Should any employee feel that he has a grievance, he has the right to consult the Mine Manager directly and if the matter cannot be settled to their mutual satisfaction, the employee may then refer it to the Mine Committee who, on his behalf will enter into further negotiations with the Mine Manager, District Superintendent, and finally, have the Union Executive take the matter up with the General Superintendent of the Company

if settlement is not arrived at earlier.

The employee therefore has the right to appeal to the highest operating executive of the Company and officials devote much time and thought to the matter of ironing out and obviating grievances.

JOINT BOARD OF ADJUSTMENT

If, in the final consultation between Union Executive and Company Superintendent, an amicable solution of the problem cannot be reached, there is still further recourse to a final arbiter, the Joint Board of Adjustment.

This Board, organized in 1940, acts in a judicial capacity. It consists of one representative named by the coal mining companies operating in the district, one representative from the Executive of the Union, and a Chairman agreed upon by those two or named by the Federal Minister of Labour.

BY THE CHAIRMAN: Before 1940 was there any such tribunal as that?

MR. McCALL: There was an Umpire before that but this is a Joint Board of Adjustment now.

BY MR. FRAWLEY: This is a Federal Act operating now that you are speaking of?

MR. McCALL: No, this was an agreement reached between the operators and the Union.

BY MR. FRAWLEY: It is not under any legislation at all

MR. McCALL: No, under the agreement of the parties interested; it is not legislative.

Both Management and Union have agreed to accept any decision of this Board as final and beyond appeal, and it is provided that the Board's decision must be handed down within 30 days after submission of the case is made.

It would be difficult to conceive of any method of settling grievances which would be more reasonable, equitable or speedy than that outlined above. This is a right which employees should guard jealously and dignify by referring to the Board

only matters which are worthy of its consideration. Neither they nor the management want to get the Board into the attitude of feeling that unreasonable appeals are made. It is much better for all concerned that the Board should acquire the habit of believing that neither side appeals to it unless it has a very strong case, or that the issue is so confused as to be difficult to decide. It is complimentary to the Company's sense of fairness that the Chairman of this Board is a Past President of the Union, and the Acting Chairman is the Union's immediate Past Secretary.

JOINT PRODUCTION COMMITTEES

Within recent months, Joint Production Committees consisting of equal numbers of workmen and supervisory officials have been established at each colliery and auxiliary department. The object of course is to give united effort in finding ways and means to increase production of coal, which is essential to the successful prosecution of the war. It is also essential to best results at any time.

Always, of course, any employee has had the right of approaching his supervisor and making suggestions to improve production, but the setting up of those committees, which operate on time paid for by the Company, is a very definite attempt on the part of the Company to further co-operation of its workmen and at the same time it affords added inducement to the employee to participate in improvement of production. In addition the Company makes monetary awards as honoraria to those employees whose suggestions prove in any way worth while.

BY MR. FRAWLEY: That is part of Coal Control, isn't it? Hasn't this come about as a war measure?

MR. McCALL: Yes, Joint Management Production Committees are now. Not Coal Control; we agreed to them between ourselves. We weren't ordered to do it but we were asked to agree and we did agree.

BY MR. FRAWLEY: But it is not part of Coal Control?

MR. McCALL: No.

BY FREEMAN JENKINS: But that was instituted, agreed to by both Union and Company upon insistence of the Department of Labor or the Department of Munitions and Supply?

MR. McCALL: I would say the suggestion.

BY MR. JENKINS: Well, they worked very hard on it to put it into effect.

BY COMMISSIONER MORRISON: It would be fair to say that they were encouraged?

MR. McCALL: They were encouraging them, yes. (Continues)
VACATIONS WITH PAY

Pursuant to a direction of the National War Labour Board, the Company instituted in 1944 a plan for vacations with pay for all the employees. One-half day of vacation is allowed for each 23 days worked the previous year. This requires that in order to qualify for six days of vacation with pay an employee of the Dominion Coal Company must be credited with only 276 days at work. General practice is to require 300 days and in this instance also the coal employee enjoys favoured treatment.

BY MR. FRAWLEY: Is six days the maximum?

MR. McCALL: Six days maximum, yes.

BY COMMISSIONER MORRISON: "In this instance the coal employee enjoys favoured treatment." Favoured treatment to whom?

MR. McCALL: Compared to the provisions laid down in D.B. 17, which lay down the conditions under which holidays are to be granted.

BY COMMISSIONER MORRISON: But not with other coal miners in Canada?

MR. McCALL: Well, I am not so familiar with the other districts but D.B. 17 laid down that there should be 300 days work.

BY MR. FRAWLEY: What is D.B. 17?

A Directive Bulletin 17.

Q Whose directive?

A National War Labour Board.

Q And that directed or specified how much?

A Required 300 days work before you could obtain your six days holidays with pay.

BY COMMISSIONER McLAURIN: I believe the Western mines give two weeks with pay.

A It is a qualification that they enjoy a favoured position because other industries run up to 300 days, according to the recommendation in this Directive Bulletin, and our men can get this six days vacation with pay by qualifying with 276 days of work.

Q You are speaking now of other industries, general manufacturing?

A Yes.

BY COMMISSIONER MORRISON: You are not making a comparison with other coal mines?

A No, I was not making them with other coal miners.

Q I would like to see you make that comparison some time. It would be very interesting.

BY MR. COHEN: I think perhaps the Commission might appreciate some little information on that point. D.B. 17 is not by any means an order; I mean it is not something that brings anything into effect. Sometime in the year 1940 the officers of the National War Labour Board----

BY THE CHAIRMAN: I don't know that we can take this down as evidence.

BY MR. COHEN: It is just a representation by counsel; it is worth as much or as little as that.

BY THE CHAIRMAN: My only thought about it is that I know your information is more than likely to be right but I don't like to take down that sort of information on the record without it being brought out in the proper way. You will see to it that it comes out in the proper channel, if it is necessary.

Mr. McCALL continues with submission:

CONCLUSION

The foregoing deals in a brief way with many of the

ways in which workmen and management of the Dominion Coal Company have cooperated for many years to their mutual advantage.

The opportunity for making profits in this field is small, it can be lost altogether by inefficiency and lack of personal interest. Government statistics show that in only three of the past twelve years has Nova Scotia coal returned a profit to its investors.

Funds are necessary to maintain the Rights and Privileges which the Coal Company employees at present enjoy; further funds are required for any further benefits to be gained in the future. A sound and successful business is the only source from which these funds may be derived.

Office of the General Manager,
Sydney, N.S., Jan. 16/45.

BY MR. FRAWLEY: Just one question on your Conclusion. You say:

"Statistics show that in only three of the past twelve years has Nova Scotia coal returned a profit to its investors."

A Yes.

Q What kind of statistics are those?

A Those are published by the Fuel Control Department.

Q As a result of answers made and information furnished by the producers themselves, I take it?

A Yes. The information is collected by the Department.

Q Don't misunderstand me to even suggest that it is false information but what I mean to say is--this business of a profit is a very important one--and what you are saying, according to the reports filed with the Fuel Board by the operators in Nova Scotia only three of the past twelve years show a profit?

A Yes.

BY COMMISSIONER McLAURIN: That is Nova Scotia coal, not Dominion Coal?

A Yes, all Nova Scotia coal.

BY MR. FRAWLEY: It has not been the result of any investigational audit?

A No, those are the figures that are returned.

Q This is the only brief, Exhibit 20, that we shall be receiving from the Company in the matter of what I might call labor relations and social conditions?

A Yes, unless anything further develops.

BY MR. FRAWLEY: What I was going to say was this, that the matter of labor relations has been giving me some concern as Counsel to this Commission and frankly I think we have to know a great deal more about it. We shall be hearing something from the Union when they put in their brief, but my present view is that I will be making a submission to the Commission that perhaps something more, a great deal more, has to be done to place before this Commission all of the relevant facts with respect to labor relations. I say that for this reason: the point is important in the Union brief, because I have read the Union brief. I may say that there is an attempt made there to show that there is a relation between what are alleged to be--I say alleged to be--bad industrial relations and the cost of coal and the amount of production in the mine. It certainly is an immediate problem, and that is something that I think this Commission has got to rule upon, make a finding upon.

BY THE CHAIRMAN: A finding on what?

BY MR. FRAWLEY: As to whether or not that is a contributing cause to the high cost of coal and loss of production, and the time may come when I want to make some submission to the Commission that something more should be done in that regard.

Q Now with that in mind, that this will not be in any sense the last I will have to say on the question of labor relations, I just want to run through Mr. McCall's brief and ask him some very general questions. At the very outset, on the second page under "Collective Agreement" you say that practically all your miners are members of the United Mine Workers. What do you mean when you say "practically all"?

A Just what it says there, Mr. Frawley.

Q Well, are there some who are working in the mines that are

not members of the United Mine Workers?

A There may be.

Q Does that mean that you have no closed shop in Cape Breton?

A No, we haven't got a closed shop.

Q You know that in other parts of Canada there are closed shops in mines?

A There may be, sir.

Q Well, let me put it to you, and it will be established, that in District 18, which covers the provinces of Alberta, Saskatchewan and British Columbia, the United Mine Workers' agreement with the operators constitutes what is called a closed shop. You have no such thing here?

A No.

Q Have you been asked for it?

A We have.

Q And your company has refused it?

A We have.

Q And what reasons have you had for that refusal?

A We consider it against the democratic principles under which we live that there should be a closed shop.

Q And you think--I want to know just your views at the moment--you think that your refusal to give a closed shop, particularly when you are aware and your miners are aware that in Western Canada the closed shop is enforced, you do not feel that that makes for bad industrial relations?

A I don't think we will get any more satisfactory service through a closed shop than through an open shop.

Q And you don't think--perhaps that is the answer to what I say--that I presume implies pretty plainly that you do not think that the refusal of the Company to give the men a closed shop, you do not think that the absence of the closed shop, particularly after it has been asked for and refused--makes for a deterioration in labor relations?

A I do not.

BY COMMISSIONER McLAURIN: What about the United States?

BY MR. FRAWLEY: Does your familiarity with the industry generally enable you to say whether or not there is a closed shop say in the Ohio and Pennsylvania fields?

A I can't answer for the whole district, no.

BY COMMISSIONER McLAURIN: How prevalent is the closed shop in the United States in mining?

A I don't know about that.

BY MR. FRAWLEY: Do you know whether or not your operations are the only coal mining operations in North America of any consequence that has refused the closed shop to the men?

A I can't answer that.

BY THE CHAIRMAN: The answer to your first question answers that. He doesn't know if there are closed shops.

BY MR. FRAWLEY: I don't want to be on the record as saying that it is so. I am asking you if you know?

A No.

Q There is an item on page 2 that was a little startling to me. You say it costs this Company \$60,000 a year in the way of increased staff and forms and material of that kind to make these deductions for check-offs?

A That was the figure that was supplied to me, sir.

Q \$5,000 a month?

BY THE CHAIRMAN: What is that?

BY MR. FRAWLEY: The statement is made that the Company checks off for certain items and the cost of doing so amounts to \$60,000 annually. I think perhaps there might be too many zeros; I don't know.

A No.

BY COMMISSIONER McLAURIN: You mean the bookkeeping cost?

BY MR. FRAWLEY: Yes.

BY COMMISSIONER McLAURIN: Oh, I believe that. Did you ever see the payroll figures? I would want more than \$60,000 to do it and then it would probably be wrong.

BY MR. FRAWLEY: Over and above the cost that it would make if you had no deductions at all, this statement says it costs an

additional \$5,000 a month to make 31 deductions.

BY COMMISSIONER MORRISON: I wonder if that includes the cost of collecting for themselves?

BY MR. FRAWLEY: I think that is implied in the collections?

BY COMMISSIONER McLAURIN: I think it should.

BY MR. FRAWLEY: For powder and that sort of thing, and rent and coal?

A Yes.

Q There was something at the bottom of page 2. Of course it is just your view. You say that the miners down in this country get the impression that the money that is left in their envelope after all those deductions is really all that they earn. Now that is something that you say as a result of your long experience, and that to me is a most startling thing to be said. I mean that a man if he has just ordinary intelligence knows that what is left after he has told the company to take off something for the church and the doctor and the powder and all the rest of it, that what is left is just what is left and not what he has earned.

A If you had been in a similar position from the first day that you started to earn, money had been deducted off you for different things, don't you think that in time too you would get the attitude of the miners, that the amount of actual cash in your jeans on pay-day is the amount of actual cash you have to spend?

Q When he sees that the rent and hospital bills have been paid it requires not a high degree of intelligence to realize ---

BY COMMISSIONER McLAURIN: What was your state of mind when you got your first income tax?

BY MR. FRAWLEY: Is this Dominion Coal Workers Relief Association a voluntary thing or an incorporated society?

A An incorporated society.

Q You speak about this Coal Workers Relief Association, have you ever compared the benefits that accrue to a miner from this Association for his 30 cents a week compared to some of

that industrial insurance that is sold by the Metropolitan and the Prudential Companies of New York?

A No. I think on this though that they would get just as good service. There is very little overhead on it and they run it themselves for their own good. It is not a money-making concern in any way.

BY THE CHAIRMAN: I think it has been demonstrated time and time again that no insurance company is giving the benefit at the price.

BY MR. FRAWLEY: The death benefit is very small but probably that \$10 a month to the widow for five years would make up for that.

BY THE CHAIRMAN: I take accident companies out of that.

BY MR. FRAWLEY: After you have put a man on pension and then he reaches the age of 70, or perhaps he is 70 when he goes on pension, can he then receive the Old Age Pension from the Dominion and Provincial Governments?

A He cannot receive the Provincial Government pension if he is in receipt of another pension.

BY THE CHAIRMAN: If his income is \$240 a year he doesn't get any Old Age Pension.

BY MR. FRAWLEY: You say that an employee is saved \$3 on every ton of coal that he purchases from the Company under the plan of giving the employees coal at less than cost. Would you expand upon that a little bit, Mr. McCall? What does that put the cost of the coal at?

A The employee pays \$4.56.

Q Is the price by the way now in the agreement with the Union?

A The price in the agreement is \$3.50 but since that was printed there was a \$1.06 gross ton increase put on to the price.

Q At the time of the increase in wages, and that also applied to the miners' coal?

A Yes.

Q Your statement then carries the implication that the cost

of the coal is \$7.56?

A Correct.

Q At the pithead?

A No, at the coal chute.

Q At the colliery?

A Not necessarily. The chute may be apart from the colliery. There is a coal chute in this town, for instance. There are coal chutes apart from that.

Q Do Dominion Coal Company have employees living in Sydney?

A Yes, they have some.

Q And they would take the coal at the chute in Sydney and then they would pay a price of \$7.56? I mean they would pay a price of \$4.56 but that coal you say has cost the Company at that chute \$7.56?

A I am not saying it has cost that; that is what it is sold to the public.

Q No, but if there is in here any figure we can take notice of. You say he is saved \$3 and he pays \$4.56?

A Well, if he was not an employee he would have to pay \$7.56. He has to pay for truckage.

Q Is the price at the coal chute in Sydney the same price as the price at the coal chute in Glace Bay, for instance?

A Yes.

Q That is the coal chute price, pithead price, plus the transportation of getting it ---

A Oh no, it is the market price.

Q It is not a pithead cost at all?

A No.

Q Now I don't quite understand what you are saying about the clean coal on page 13, although I notice there is a little difference in the paging but it is on page 13 in mine.

"The buyer wants cheap coal, wants clean coal. And that is what he will insist on getting. If he cannot get it from us, he will turn to foreign or other Canadian supplies."

Would you mind expanding on that for my edification?

BY THE CHAIRMAN: Don't ask him to do that; for our learning.

BY MR. FRAWLEY: I thought it might be obvious to the Commissioners.

BY COMMISSIONER McLAURIN: It is obvious to me.

BY MR. FRAWLEY: Just tell me what you mean there. You want the miner to get out cleaner coal. You are selling the coal?

A Yes.

Q You have got to get the coal clean?

A The miner is producing the coal for us and we want him to do his job properly and not to include stone in it. We have a contract with the miners to produce coal, not stone, and if there is a stone comes into his seam he is paid either a contract rate for removing that stone or a consideration to pick the stone out of the coal and load clean coal.

Q Suppose he was just deliberate about and filled up the coal with half stone, would you accept that with equanimity?

A No, we don't accept that with equanimity.

Q You would just dock him for the amount of stone?

A No, we don't dock.

Q Are you helpless about it?

A No, we warn a man and if he persists in loading dirty coal he finds when he comes out of the colliery that he has got to take a day off because he hasn't obeyed instructions.

BY THE CHAIRMAN: Then of course you have ways before the coal comes to sale of taking the chaff from the good stuff?

A Yes.

BY COMMISSIONER McLAURIN: All mines have some degree of slate and stone. It is a personal element in taking the stone out. If there is stone in the coal you are increasing the expense of cleaning it.

BY MR. FRAWLEY: What I find difficult to realize is the helplessness of the Company.

A We used to have a docking system but it led to such endless disputes that we gave it up.

Q When a man takes dirty wheat to the elevator in Western Canada he is docked, and for generations they have solved it by the simple expedient of docking.

A That doesn't remove the dirt out of the coal or the wheat.

Q It penalizes the farmer who brings in dirty wheat. You say you just have to accept that dirty coal and you do not dock the man?

A We don't do it that way. We take circumstances into account but if it is deliberately done, and I have seen pieces of stone weighing 200 pounds in some of the cars coming out of the pits ---

Q And you find it better just to lay him off than to dock his pay cheque?

A Yes.

BY COMMISSIONER McLAURIN: A piece weighing 200 pounds, you are indicating that as an exaggerated instance?

A An exaggerated instance. I mean nobody could say they didn't know that was there.

BY COMMISSIONER MORRISON: It could fall from the roof.

A But not in the middle of the car and he wouldn't know about it.

EXAMINED By Mr. J. L. Cohen.

Q I wonder if you would help me first of all on one or two matters that would be routine to you, of course. First of all, your position with the Dominion Coal Company?

A General manager.

Q And am I right in assuming that the Dominion Coal Company is probably the outstanding producer of Dosco with respect to coal?

A Correct.

Q And generally speaking how many employees are connected with it, and by that I refer to employees other than office or clerical staff or management, and that is without any disrespect to you?

A We have close on 7,000 employees, but I have not excluded

office workers out of it. If you want the exact figure I will get it for you.

Q I ask it because I thought I heard you say 10,000 a little earlier?

A In normal times.

Q Well, of course I am not very old but I am still waiting for what they call normal times, but what do you call normal times?

A I regard this war period as an abnormal time.

Q But when did you have 10,000 employees?

A Before the war.

Q In 1939?

A Yes.

Q In 1938?

A Yes.

Q Were you producing fully at that time? I mean were you working regularly?

A What do you mean by regularly?

Q By regularly I would mean a regular number of hours for the regular number of days in the week.

A Well, what is the regular number of days per week? That brings up another question.

Q You told me you are general manager?

A We work according to the demand for coal.

Q That may be, but what I am trying to get at is just the extent to which you did work these 10,000 employees in 1938 and 1939. Take 1938.

A I will give you the number of working days in 1938. I thought I had it here. In 1939 we actually worked 212 days.

Q Of how many hours each?

A Now you have got to get an understanding of colliery operations.

Q Well, I can assure you I will be a very, very willing pupil so don't look at me like a schoolmaster.

BY THE CHAIRMAN: Now, now, now.

BY MR. COHEN: I am trying to learn.

A You needn't remark on it in that way.

Q I don't like to be glared at.

A I didn't think I was glaring.

BY THE CHAIRMAN: I think the whole thing was uncalled for.

BY MR. COHEN: What is your normal day?

A One of our mines is single shifted.

Q How many hours make up a shift?

A Eight hours make up a shift.

Q And when you say that you worked in 1939 212 days do I take it that that takes also 212 shifts?

A No.

Q Or does that only mean that on 212 days work was performed in 1939?

A Our mines operated to produce coal on 212 days.

Q Would that be more or less than 212 shifts?

A That was ---

Q You have told us that you worked on 212 days.

A Some of the collieries have work going on in them, repair work and maintenance work, 24 hours a day. There are three shifts in the day.

Q Were you working on a three-shift basis in 1939?

A Not producing on a three-shift basis; producing on a two-shift basis and maintenance going on on the third shift.

Q Now I am talking about a period of 24 hours, not an 8-hour day. Can you tell me how many shifts during the 212 days you were operating outside of maintenance and repair?

A You mean an 8-hour shift on production of coal?

Q How many shifts in fact were worked during the year 1939 on these 212 days?

A I will supply you with the number of days that the collieries hoisted coal in that year but it won't mean anything; nobody will understand it if I just give it as a straight figure.

Q Will you tell me how many hours of work the men received during that period? Can you give us that information?

A Well, the collieries hoisted 212 days in that year. On a double-shifted mine there were two 8-hour shifts producing coal on these 212 days. A single shifted mine would be producing coal 8 hours.

Q I think we have that clear now, Mr. McCall. During 1939 there were two shifts of men working on each of 212 days?

A Producing shifts. There were other shifts working besides that.

Q I thought we would leave out maintenance and repairs.

A Well, there were men working there still.

BY THE CHAIRMAN: Didn't I understand Mr. McCall to say there were some mines only working one shift?

A One mine.

BY MR. COHEN: Then am I clear that on the 212 days on each of these shifts each of the men worked a full 8 hours? Is that right?

A That is correct, and some men ---

Q Worked more than 212 days because they were maintenance men and repair men and so on?

A Surely. You have got that clear now?

Q Yes.

A That's good.

Q Now in 1938 would you mind telling me ---

A In 1938 it worked 184 days.

Q And again two shifts?

A Same conditions.

Q And how many employees approximately?

A There would be approximately the same number at that time.

Q Now as general manager of this Company just where would your duties and responsibility extend?

A Oh, formulating policies for the Company and seeing that these are carried out.

Q Would it for instance extend to the point of determining what in your opinion should be regarded as reserves rather than coal that should be immediately mined? Would that be part of your duty? I have seen some reference in the record to the fact

that that was left to the local manager.

A Oh, certainly. I think that is part of my duties.

Q And did you from time to time exercise judgment on that point?

A I do.

Q Now when you do exercise judgment on the question of determining what amount should be regarded as reserves and what amount should be regarded as something that one produces on, what factors do you take into account?

A I take it we are going back now to the memorandum on coal reserves?

Q Well, I thought you might just go into the subject for a minute if you haven't any objection. What factors do you take into account in determining what coal should be regarded as reserves and what should be regarded as something to be immediately mined?

A I in dealing with that consider what are the market demands for coal.

Q Were you present when somebody--it may have been you and if it was you will pardon me for not having observed that, because I have only had a few hours to examine through the transcript--did you hear somebody make an estimate of I think $8\frac{1}{2}$ million tons per year as the producable capacity of the Dosco mines in Nova Scotia?

BY COMMISSIONER McLAURIN: Eight million.

BY MR. JENKINS: 7,600,000.

A What was the question?

Q My recollection is that some witness was asked just how much coal these mines could produce and the answer that was given was 8,000,000 tons. Were you present when that evidence was given?

BY COMMISSIONER McLAURIN: That was Dr. Gray's estimate of the capacity of the province, I think.

BY MR. COHEN: That was the producable capacity of the mines of the province?

A Yes.

Q Were you present when that evidence was given?

A Yes.

Q Can you tell me to what extent Dominion Coal figures in that calculation?

A Dominion Coal is taken at approximately 4 1/4 millions.

Q And when you arrive at that figure of 4 1/4 millions, as you have told us that is having regard to the market possibilities? That is, in your opinion there is no object in mining coal unless there is some place where you can sell it?

A Well, I think it would be a foolish thing to do.

Q Well, even I could think of that. If in fact the market would expand then you would revise your estimate of 4 1/4 millions?

A If you could see a sure market.

Q Well, let us assume that the market would expand and it would be a sure market, then in that case you would revise your estimate of 4 1/4 millions with respect to Dominion Coal?

BY THE CHAIRMAN: Is this 4 1/4 millions your capacity?

A Well, that is approximately what I estimate to be our annual capacity for production.

BY MR. COHEN: And Mr. McColl is good enough to make clear to us that in arriving at the 4 1/4 million estimate he took into account the factor of markets, as one would be likely to do. Even I don't prepare a brief unless I know some client is likely to want it. If the market as you say is sure and if the market was expanded then you would correspondingly revise your 4 1/4 million estimate, isn't that right?

A We would revise the estimate.

BY THE CHAIRMAN: By developing new mines?

BY MR. COHEN: That is you would transfer from the column "reserves" to the column "producable capacity"?

A I would revise my estimates. I don't decide the opening of new collieries.

Q I am not suggesting that.

BY THE CHAIRMAN: What I mean by that is this: they have a capacity now of 4,500,000 tons a year and if they find out this

winter that there is a good market next year, how are they going to supply that extra coal? It is new development, it will probably take two years. Or perhaps new development in the particular mines that are opened.

BY MR. COHEN: I think that observation is one that is, if I may put it so quite humbly, very fairly made. I am talking in terms of long-term propositions. Let us assume that after the most careful study and as a result of the situation you are satisfied that the market has expanded and that it has expanded for a reasonably permanent period, with the result that in your opinion Dominion Coal could safely enlarge its capacity from 4 1/4 million tons per year to something higher, then I take it you would add that, wouldn't you?

A Yes, and still give the collieries what we would call full-time operation.

Q That is assuming that you could still give the collieries full-time operation and that there was an expanding market which had some immediate prospect and a reasonably long prospect of a certainty, then you would revise your estimate from 4 1/4 million and you would increase it to what you thought the market would be able to absorb, isn't that right?

A Correct.

Q And you would do that by drawing upon what you would otherwise regard as reserves?

A That would be the only way to do it.

Q Now may I just go into a few of the matters dealt with in this particular memorandum?

12.00 NOON - COMMISSION ADJOURNED

The Commission re-convened at the Court House at
2.00 P.M.

T. L. McCALL. Examination continued by Mr. Cohen.

Mr. McCALL: Your Honour, there is a correction that I should like to make in the evidence I gave this morning concerning the price of coal to employecs. The price is \$4.56 a gross ton, as I said, in the colliery districts but when it has to be transported some distance, as coming into Sydney, then the cost of transportation is added and in Sydncey the cost of coal is \$4.86 per gross ton. And before we proceed any further, sir, I was being examined this morning upon reserves of coal and opening up of new mines and in that examination it was necessary to extract certain figures and statements from the evidence of Dr. Gray which standing by themselves perhaps did not convey what was the full intention if the whole context was taken, and I know Mr. Cohen had not an opportunity of hearing that evidence and I thought that if before proceeding further I gave a statement on this business of reserve coal it would perhaps clarify matters in his mind and in the minds of other people too that might have become a little muddled perhaps, shall we say, by this morning's evidence, so I proceed: In the evidence which has been submitted ---

BY MR. COHEN: Do I understand that Mr. McCall is now referring to some previous exhibit or evidence submitted by Mr. Gray?
I merely ask that so I can look it up.

A Yes, Dr. Gray's brief.

BY MR. FRAWLEY: Exhibit 1.

BY THE CHAIRMAN: At what page?

A I will come to that. In the evidence that has been submitted it has been stated that $4\frac{1}{4}$ to $4\frac{1}{2}$ million long tons is the effective capacity of the operating collieries of the Dominion Coal Company in Cape Breton. The above figure contemplates working the mines to full effective capacity. It was also shown in the evidence that the only means of increasing the

capacity of our mines to produce coal of presently marketable quality is to open a new mine in the area reserved at Lingan, which new mine would eventually add another 750,000 gross tons per year of productive capacity. To quote from Dr. Gray's evidence he said ---

BY MR. COHEN: I wonder if the Commissioners will pardon me. Mr. McCall so far has been reading from something and I wonder if one might ask Mr. McCall just what it is he is reading from?

A This is my own statement.

Q In other words, it was a statement prepared by you before resuming evidence this afternoon?

A Exactly. You have got it. In Dr. Gray's evidence he said at page 38, Exhibit 1: "It is considered by the Company's engineers that there is room for another colliery at a future date not yet determined to work submarine coal but when the area reserved for this colliery is developed it will be to replace declining production in other submarine collieries, maintaining but not increasing general ^{output} ~~ton~~ capacity." It should also be repeated, again quoting Dr. Gray on page 35: "The remainder of the coal reserve is under the ocean and, with one exception, access to the unworked submarine coal is through existing coal-shafts at the shore-line and through worked-over areas fringing the shore-line." In planning increased production consideration has to be given to adequate means whereby the total output can reach the market and such in the way of shipping and discharging facilities would have to be provided. Any attempt at achieving a policy of marked increase in the annual capacity of the collieries must also take into account the amount of investment which would be required, whether such investment is prudent and whether it can be recouped or amortized. As was stated in the previous evidence, page 38 of Exhibit 1: "Nevertheless over the 50 years reviewed the Company has maintained a consistently even annual capacity and annual production. It plans to continue this proper and prudent policy into the future as far as it is able."

I thought this would perhaps just clarify what we had been discussing this morning because it is important to get these matters correctly and with their contexts into the reports that are being taken.

BY MR. COHEN: I don't want to seem to be interrupting you. Do I gather that you have concluded the remarks you desired to make?

A Those are my remarks on that, yes. There was a lot passed when you weren't here that you weren't privy to and that you would need the minutes to get. This brings you up to date on it, I trust.

Q You don't mind if the Commission and I make up our minds on that? Who, by the way, is Dr. Gray?

A He is the assistant general manager of the Dominion Steel & Coal Corporation.

Q He is the assistant general manager of Dosco? You don't mind our using the abbreviation, do you? And this statement that you have just read into the testimony and that you prepared during the lunch hour, do you mind if I just see it a second?

A I will read it to you again.

Q Is there any objection to my just reading it and not burdening the record with a second reading of it publicly?

A No, not at all.

Q There is nothing wrong with it but I take it there was some consultation during the adjournment, as a result of which you felt it advisable to add to what you had already stated on the subject, what is contained in the statement you prepared?

A Yes. No doubt you had similar consultations perhaps.

A Well, you would be surprised. Don't burden yourself, may I suggest, with any prediction of what I might be doing or assumptions of what I might have done. Now I suppose Dr. Gray in the quotation you last gave, on page 38, states that "it", I suppose "it" refers to the Company, "plans to continue."

A "This proper and prudent policy."

Q That is referring to what? Some decision made by the Dosco

Board or what?

- A The policy that was followed over a large number of years.
- Q You will have to pardon me for just taking issue with you on that item and just do me the favor of looking at the second sentence of that item, because it was about that question that I addressed a question to you. "It plans" has nothing to do with that practice over the last 50 years; it evidently indicates a decision. "It plans to continue this proper and prudent policy into the future." I take it that refers to some decision on policy arrived at by the Dosco Board of Directors or by whom? Just what does it indicate? What decision has been made, and by whom?
- A I think it is pretty plain what it says. It refers to the company and the company includes its officials, plans to continue this proper and prudent policy.
- Q Was that decision made by the Dosco Board of Directors?
- A I think the Dosco Board of Directors do proceed prudently in such matters.
- Q I am not asking you if they do proceed prudently, and please don't be on the defensive unnecessarily because you may be unprepared later on and you may have to be prepared. I just want to know what is referred to when the term is used "It plans"? Now "it" obviously refers to the Company, "plans" refers to a decision reached. I want to know the mechanics and I want to know if you can tell us the people who, for the Company, make that decision?
- A Its engineers do planning.
- Q Now you know the word "plans" is not used in that sentence in that connection.
- A Oh yes, engineers do planning.
- Q Read the sentence again and tell me if the word there refers to engineers. The second sentence on the second quotation you gave from page 38 reads as follows. I take it you have it before you?
- A I have it in front of me.

"It plans to continue" something or other. Now isn't that tantamount to a statement that the Company has made a decision about a policy that it will follow? Isn't that statement tantamount to that?

A No, I don't say it has made a statement to that effect. That is its plans. It hasn't come out and said, "We are going to do this and do that" exactly.

Q I am talking about the decision which was reached and it is true that that decision may be based upon some planning done by engineers; it will be based upon a number of things; but it does in fact record a decision reached by the Dosco Board of Directors. Now is that right? "It plans to continue."

A Well, I should say if you read that that it states--I didn't write this but I am quoting it--and I should say that plans includes the directors and its engineers who make their recommendations to the directors.

Q All right, I am quite prepared to accept that. You say "It plans" refers to the fact that the directors, associated with their engineers, arrived at the decision that the rest of the sentence indicates? Is that a fair way of putting it?

A To continue this proper and prudent policy, yes.

Q Now then, I thought that you told us this morning just before the adjournment and before the consultation that you speak of that you made certain decisions with respect to reserves and so on?

A Quite true; I do decide. I do decide in my own mind and make my recommendations accordingly.

Q So that if in fact elsewhere in the testimony it is stated that local managers made the decisions as to what should be regarded as reserve and how much should be regarded as producible capacity that would mean that the local managers decide what recommendations they should make?

A That's right.

Q And the decision in fact is reached by the Board of Directors, acting undoubtedly in proper and prudent fashion, in collab-

oration with engineers and others they may call to consult with?

A Correct.

Q Can you tell me, since we have gone back to that phase of the situation, can you tell me just what principles, or do you know at all what principles are taken into account when that decision is reached?

A On the opening up?

Q On the question of what is to be produced and what is to be reserved, or are we in the same position as we were this morning when you spoke of the factor of the market? I suppose that would apply throughout the picture?

A Certainly.

Q I wonder if you could help us, or at least help me, on this question. You spoke about the fact that on 212 days in the year 1939 work was performed in the mine in two shifts. Am I right in that figure?

A In a number of the mines on two shifts.

Q Unless I indicate that I am questioning you on something other than Dominion let us take it for granted I am talking about Dominion.

A Correct.

Q And I think you told us there were about 10,000 employees?

A There were about that time, yes.

Q Now would that mean that--we will call them X number of employees--that those X number of employees had work at least 212 days and 8 hours during each of those 212 days?

A There was the opportunity for them to have work that number of days had they attended.

Q I don't know what you mean by opportunity. I want to know whether your statistics indicate that they worked or didn't work? Does that mean that on 212 days X quantity of men, that is 10,000 approximately, worked 8 hours each day?

A They had the opportunity of work if they reported for work.

Q I suppose if a man were ill he would not have the opportunity?

A No. That is why I can't say that every man did work.

Q Would you have specific information that would enable us to find out just how many did? I am not suggesting you give us that at the moment. Would your statistics make it possible to supply the Commission with that information?

A Back in those days ---

Q That is only 1939.

A I know. That is five years ago now. It would take some digging out to find it but we might be able to get something for you on it.

Q Now I am going to seek to exploit your graciousness and generosity in that respect just one step further, if you will permit me. You did give us the figure for 1938 as to the number of days which your mine worked. Would you mind repeating that for me because I neglected to note it at the time.

BY MR. FRAWLEY: 184 days in 1938.

BY MR. COHEN: And I suppose in 1938 likewise you had approximately 10,000 employees?

A Yes, we had.

Q And I suppose the same considerations would apply to that approximately 10,000 employees, giving them again an X quantity, as you have told us applied to the same employees with respect to the 212 days, that is that not all of them worked 8 hours on each of 184 days in the year 1938?

A Yes. With the proviso also that some worked more. That was arrived at this morning and should not be omitted.

Q I thought we had put that pretty clearly on the record, with respect to maintenance and repair and so on they may have worked more?

A Right.

Q Do you think it would be possible to give us the precise figures for the years 1938 and 1939? I don't like to be putting you, and particularly your staff, to undue work, but if it can be done I take it you have no objection to furnishing

that to the Commission?

A We have no objection if we can obtain it. I will have to look into it and see how our records are for that period.

Q Well, as far as you know, and you undoubtedly know something about the records, it is more than likely that they will yield the information that is now being asked for?

A I am not certain that we can get it just in the form you want but I will find out and let you know.

Q Well, you can get it reasonably close to that? I would just like to know your present impression from what you know of the records whether you can give us for the years 1938 and 1939 the number of men working and in reasonable groupings the number of days these men worked and the number of hours. Now I am not suggesting that you give a separate calculation for every man.

A I think we could arrive at something but I can't say that Tom Jones worked so many days.

Q That is not what I am asking.

A I will consult with the department that looks after this and see what we can do.

Q From what you remember of the records it is likely that that can be done?

A I won't say definitely.

Q I didn't ask you to say definitely.

A It is possible that it may be done.

Q Will you not agree that it is likely?

A Oh no, I can't commit another department because I am not certain what condition the books are in.

Q What do you mean, another department?

A There is a certain department looks after the records and time.

Q Of what?

A Dominion Coal Company.

Q Of which you are general manager?

A Yes.

Q So when you say another department you mean of the Company

of which you are general manager?

A Yes, quite.

Q Undoubtedly we can take it if it can be done you will let the Commission have it?

A If it can be done you will receive it.

Q Thank you very much. How long have you been manager, may I ask that, and I am not going to get into any personal details, Mr. McCall, I can assure you.

A Four years, I think.

Q And before that?

A I was chief mining engineer for the Corporation.

Q When you say for the Corporation after all you know one can find oneself in quite a maze. Do you mean for the Dominion Coal Company?

A Dominion Steel and Coal Corporation.

Q You were what?

A Chief mining engineer.

Q Where did that keep you stationed?

A At Sydney.

Q This is the last question I am going to ask you about personal details, so don't think I am prying unduly. How long were you in that position?

A 12 years.

Q That takes us back 16 years and I suppose that is a reasonable span in one's activity. Now when you say chief mining engineer just what does that mean? How much of the affairs of the Company would that bring you in contact with?

A Oh, planning all the operations and ---

Q Planning. That is a term I hear so much of these days. Just what do you mean by that?

A Would you turn around and look at that plan?

A I never turn around. I am very sorry. I would rather have you just explain to me. Anything that is back of me I have forgotten about, and if I should by any chance glance upon something that might make it clear to me the record will not

have it and it might be useful to have it in the record. What do you mean by planning, if you would just explain it to me?

A Development of work that is to be done, methods of development work, methods of the recovery of coal, planning of the ventilation.

Q The technique, so to speak?

A The technique.

Q Then so far as 12 years were concerned you were only brought into contact with the technique of production?

A Well, closer than that.

Q Well, how much closer? Tell us.

A If you will give me time I can do it. In addition to the engineering department you have also got the operating department, the men who carry out the plans once they are made, and when you are planning operations the planner has got to keep very closely in touch with the operator and follow up how his plans are being carried out, and he does that in touch with the operators.

Q Well, the operators would be part of the supervisory staff?

A Supervisory staff.

Q It would not have brought you into contact with the employees who are non-supervisory or with your Union committees and so on? You had no contact with that sort during your 12 years of service?

A Oh, occasionally when there were points to be discussed in connection with planning I did come in contact with them.

Q Occasionally, when some point of technique would come up?

A Quite.

Q You would be brought into consultation with the management when it was conferring with the Union committee?

A Right.

Q But other than that you had no direct contacts or contact with the men or with their committees or with the Union?

A No.

- Q Now we will get on to the document that you put in evidence this morning, Exhibit No. 20, and I notice on its last page "Office of the General Manager", that is out of your office?
- A Correct.
- Q And I take it this is something that you prepared?
- A That's right.
- Q From the beginning to the end?
- A Yes, those are my ---
- Q From the beginning to the end?
- A My ideas, from the beginning to the end.
- Q Opening with the heading "Privileges and Welfare Plans Enjoyed by the Employees of the Dominion Coal Company"?
- A Yes.
- Q Inclusive of that heading?
- A Yes.
- Q You prepared that?
- A With assistance of other people, but I accept authorship for this if that is what you want to know.
- Q Then I take it that the document was intended to list the privileges, and all of the privileges, and the welfare plans, and all of the welfare plans, enjoyed by the employees of the Company of which you are general manager? Is that right?
- A That was the endeavour.
- Q And can you tell me as to the matters which are indicated here which are privileges and which are welfare plans?
- A Well, they run pretty close together. Some of them I think will go under both headings.
- Q Well, suppose we take it that way. We will take privileges and welfare plans, and we will take something that is both a privilege and a welfare plan. Now which, if any, fall under the category, you having framed this, of privileges?
- A The collective agreement to begin with was a privilege at the time it was offered first.
- Q Let us just list those, because you and I are going to discuss them later. What is the next privilege?

- A The check-off and collections were privileges. The next I would say was a combination of a privilege and welfare.
- Q When you say "the next" let us just identify what you are referring to. The Dominion Coal Workers Relief Association?
- A That's right.
- Q That is both, both privilege and welfare?
- A Yes. I think Pensions could be classed under the same heading.
- Q Yes? Next?
- A Low rental of houses is a privilege, so is the low purchase price.
- Q Yes? Where would you put the next item, the purchase of supplies?
- A I would put that under the dual heading, I would think.
- Q That term "dual" is not very popular around here. I would suggest that you put it under "combined headings".
- A All right with me.
- Q Item "Assistance to Employees"?
- A The same category, I think.
- Q Dual, as you put it?
- A Yes.
- Q The next item?
- A That certainly is a privilege.
- Q The next item is headed "Privileges while on Military Service" and you say that is a privilege?
- A Yes.
- Q And the next item, "Assistance in Purchase of War Savings Certificates and Victory Loan Bonds." What do you say that is?
- A I say that is also a privilege.
- Q And the next item, "Transportation of Workers to and from Work." I suppose you would have a distinction there between "to" and "from". It might be a privilege "from" and not "to", I don't know.
- A Neither do I.
- Q Transportation, where do you put that?
- A That I should say would be a privilege.

Q May I have a ride in one of your trains? Is it possible?

A You could.

Q What do you mean by "could"?

A You could travel in it. We would let you travel in it.

Q I want to know if you would mind extending that hospitality to me?

A Delighted.

Q I am not asking you to take me for a ride, but I would like to travel with some of your workers.

A Delighted, and we won't charge you for it either.

Q Community Medical Service, where do you put that?

A Welfare.

Q What is the next item?

A Hospitalization, would be welfare too.

Q What did you say about hospitalization? I suppose that falls into the same category?

A Yes.

Q First Aid to the Injured. That must undoubtedly be a privilege?

A No, I should think that is welfare.

Q And then training in First Aid, what is that?

A That is welfare.

Q And Training generally? I suppose Training is used in a different sense there? Vocational training, I suppose?

A That is a privilege.

Q And Opportunity for Promotion, what is that?

A That is opportunity. If you like that is a privilege.

Q And Security of Employment?

A Security of Employment, privilege and. . . we will leave it at privilege.

Q And Employces' Negotiating Committees, I shppose you would put that where the Collective Bargaining goes? It is part of it, isn't it? I don't know why you list it separately but there may be some mysterious reason we shall find out later.

- A Yes, we shall come to that later.
- Q Well, you put Collective Bargaining under the heading of privilege and I take it that you will put Employees' negotiating Committees in the same category?
- A Well, you can put it down there.
- Q Well, I wouldn't want to put it, sir, where you think it should be put. Are we to put it under privileges or otherwise? I only suggested to you that it was logical since you put Collective Bargaining under privileges.
- A Put it under privileges and we can discuss it when the time comes.
- Q Joint Board of Adjustment?
- A Put it in the same category.
- Q Joint Production Committee?
- A Put it in the same category.
- Q As a privilege? And just so that we can be clear about it, when we talk about privilege we are referring to the heading on the whole document which deals with privileges enjoyed by employees, is that right?
- A Yes.
- Q And Vacations with Pay?
- A Oh, put it in the same place.
- Q I don't know where you want to put it.
- A That is a privilege. That is what we were talking about.
- Q We will leave the Conclusion where it is, that is the next item. Now then, do I gather then from what you now tell us in elaboration of this that you regard Item No. 1, Collective Bargaining, Item No. 11. . . .you haven't them numbered so that I shall have to refrain from using numbers; you regard the item on Collective Bargaining which appears on page 1 and the item on Employees Negotiating Committees which appears on page 13, and the item on Joint Board of Adjustment, you regard those as privileges enjoyed by the employees, is that right?
- A That is the way that we listed them.

- Q Well, I was going on just to make sure about it that you regard those matters as privileges enjoyed by the employees?
- A Yes, that is as we listed them there.
- Q Sort of something in the way of a concession by the Company to the employees?
- A Something that was given at sometime or other by the Company to the employees.
- Q And that you felt was given in the sense of a concession or given in the sense of a privilege, is that it?
- A Correct.
- Q And then I take it that it is your view that so far as the Company is concerned it doesn't look upon Collective Bargaining or Employees Negotiating Committee or on the Board of Adjustment as functions which the Company has a beneficial interest in? That would flow, I suppose? Is that your position?
- A That the Company has not benefited from?
- Q Yes?
- A I didn't say that.
- Q You list these as benefits of the employees, and I take it from that that in your view the Company doesn't benefit from collective bargaining or employees negotiating committee or joint board of adjustment? Is that your view?
- A No, not necessarily.
- Q What is your view?
- A These were things that were granted to the employees by the Company. I haven't said anywhere that the Company doesn't benefit from them, but the employees have benefited from them.
- Q I am just trying to draw the logical conclusion that seems to flow from these remarks. Are you prepared to agree with the suggestion that these so-called privileges of collective bargaining and employees negotiating committee and joint board of adjustment are at least privileges enjoyed mutually by the Company and the men? Would you go that far?
- A Oh, some of them undoubtedly are.
- Q Let us discuss them.

- A I thought you were going to take them one by one.
- Q All right, we will take collective bargaining. Is that something of benefit to the men only or is it also of benefit to the Company?
- A That is of assistance to the Company but the privilege lies in the fact that this was granted long before there was legislation put in to that effect making collective bargaining compulsory.
- Q I don't know that there is any suggestion in this document, or any invitational suggestion, to become a historian. This presumes to list existing privileges.
- A Does it say existing?
- Q Well, are they not existing?
- A Yes.
- Q Then when you prepared this document, started its preparation, you set out to put into writing an account of the privileges and the welfare plans today enjoyed by the employees of this Company, isn't that right?
- A I did, and I also included some little historical--as you said--data.
- Q I don't know that you included it so far as this item we are discussing is concerned. That is a matter which you listed as an existing privilege?
- A Yes, that's right.
- Q Now then, I ask you is it also of advantage to the Company?
- A Yes.
- Q Is it of as much advantage to the Company as to the men?
- A I believe in collective bargaining.
- Q I didn't ask you that. I asked you if it was of as much advantage to the Company as to the men?
- A I think it is of equal value.
- Q Don't you think that it is somewhat confusing under a list of privileges to employees to put down things that are of equal value to the Company and to the employees?
- A No, I don't think so under the conditions under which this

is written.

- Q I suppose it is a privilege to exist, but that is not listed.
- A This privilege has been there for many years prior to legislation.
- Q Why do you call it a privilege?
- A It was at that time.
- Q My request to you is why you today, on the 22nd of January 1945, or if you look at the date when this was prepared, which is given as the 16th of January 1945, why on that date you listed collective bargaining as a privilege of employees?
- A They have the right to collective bargaining.
- Q Is that your only answer?
- A Is that not a privilege?
- Q You don't mind if I don't argue the matter with you?
- A Not a bit.
- Q I just want to understand your position. Do I understand that that is the only answer you care to give to my question why you list collective bargaining not as something of mutual advantage to Company and men but a privilege to the men? Now can you explain to me why you have listed and included it in that sort of a survey?
- A I have endeavored to do so but evidently you have not followed the point.
- Q Or it is barely possible that you have not cleared it up, but whatever the case may be have you anything more to say on it?
- A No, nothing more to say.
- Q Now you were asked by counsel for the Commission as to whether or not you had a closed shop provision and you said no. As a matter of fact you have not even got a Union shop in the provision?
- A No.
- Q As a matter of fact I find, reading through this agreement with a certain amount of care during the interval between this morning's session, and I can't even find a clause there where you even recognize the existence of the Union except that it

is one of the parties to it. Can you find any?

Copies of Agreements produced by Mr. Frawley and marked:

Exhibit 21 - Agreement between Dominion Coal Company Ltd., Cape Breton and Springhill, and District 26, United Mine Workers, effective November 1, 1943.

Exhibit 22 - Agreement between Old Sydney Colliery and District 26, United Mine Workers, effective November 1, 1943.

Exhibit 23 - Agreement between Acadia Coal Co. Ltd. and District 26, United Mine Workers, effective November 1, 1943.

BY MR. COHEN: Now dealing with the first Exhibit filed by Commission counsel, 21, I call your attention to section 20: "The Company will recognize the Mine Committee in the discharge of their duties as provided for in this Agreement." Now can you find for me other than that any clause in the agreement that in any way recognizes the agency or part of the Union ----

BY MR. FRAWLEY: At the beginning there is a clause I think that says in so many words that the United Mine Workers is recognized, or something. Oh, I don't know; that may be in 18.

(Page 397 follows)

Q. Can you find anything for me at all Mr. McCall in the Agreement Exhibit 21, other than Section 20 where all that is said is that the Company will recognize the Mine Committee in the discharge of their duties, as provided for in this Agreement. No recognition of the Union at all.

A. Who is this signed by.

Q. I agree with you as to the parties to the Agreement, the Dominion Coal Company in the first instance, and the Union in the second instance, but I ask you in there any paragraph in the document I have read that gives any recognition to the Union?

A. I can't say without reading it through.

BY MR. MCNEIL - It seems to me that our friend is getting into a legal argument.

BY THE CHAIRMAN - If they undertake to negotiate with them they must be recognized as a Union.

BY MR. COHEN - I don't think there is any legal argument. I am asking the context of the Agreement.

BY THE CHAIRMAN - There is inference in the Agreement between these two parties that there is a recognition by the Company that it is a Union, and recognition by the Union that this is a Company. I am not stopping you Mr. Cohen.

BY MR. MCCALL - Will you read Section 27?

BY MR. COHEN - (Reads Section 27) "The terms of this Agreement apply only to men who are members of the United Mine Workers of America, working in and around the mines, and all who are eligible to membership in the United Mine Workers of America, as set forth in the Constitution of the International Union."

EXM. BY MR. COHEN (continued)

Q. Can you tell me where there is any distinction between men who are members and men who are eligible to membership?

A. I think it is another way of saying the membership of the United Mine Workers.

Q. That is, they must not only be members, but they must be

members entitled to be members within the Constitution of the United Mine Workers?

A. I will have to ask our learned Counsel on that.

Q. Outside of the Agreement and drawing upon your experience as General Manager of Dominion Coal, can you tell me whether at all you have had occasion to find reference in this Agreement to something that says that the Officers of the Union, or that accredited representatives of the Union, may talk to you on behalf of employees, and so on. You advertised the fact that you didn't have a closed shop, and as a matter of fact you have not even a recognition of the Union.

A. It was worked for a good many years under this Agreement and nobody has ever brought out our delinquencies in it before.

Q. Sort of hallowed by usage?

A. Yes.

Q. I think you told us you had been asked to give the Union a closed shop, and declined. Now dealing with the next item "Check-off and collections". Is it not a fact that, generally speaking with respect to mines, that a large part, or at least some of the men reside in premises owned by the Company, and buy stores or supplies from stores maintained by the Company, and also where they need explosives, and so on, they get them from the Company, and various kinds of equipment. Is that right?

A. If you mean by stores; groceries and so on.

Q. You are talking of traditions. That was the common and accepted feature of mining towns, where the miner got almost everything he wanted from the company, or from places maintained by the Company?

A. That used to be the case years ago; going back into past history.

Q. I am just following your evil example. And of course the Company regarded it as necessary to make sure it was paid for these things. Is that right?

A. I suppose so.

Q. That is, if an employee was a tenant the Company naturally wanted to collect the rent?

A. A man agrees to pay the rent through the check-off.

Q. I am not talking about the check-off. If a Company rented a house it was interested in collecting the rent?

A. Certainly.

Q. And likewise if it sold the minor any supplies?

A. Yes.

Q. Or if the Company furnished anything to the employee as a result of which the employee became indebted to the Company, the Company was interested in getting its money back?

A. Certainly.

Q. That is the original of the check-off in the mining industry?

A. That is where it started, I believe.

Q. Because the Company was anxious, and naturally so, to see that it was paid for the things due to it by the employees. Is that right?

A. I believe so.

Q. That was carried on and on, and in the course of time when the phenomenon Trade Union developed, the deduction for Union dues was just added to the list? That is the development, is it not?

A. I suppose so.

Q. At the bottom of page 1 you speak about the things you collect for the employees, and the first one is rent. That is rent due to the Company, is it not?

A. Yes.

Q. And the next one is coal. That is for coal supplied by the Company, is it not?

A. Correct.

Q. And the next item is taxes. That would be taxes on houses either rented by the Employee from the Company, or purchased by the employee and not fully paid for?

A. I think these are personal taxes.

Q. What do you mean by that?

A. Capita tax.

Q. What is that?

A. Poll tax.

Q. Don't tell me I am in a Poll Tax region. What is Poll Tax?

A. I will refer you to counsel for a full description of it.

BY THE CHAIRMAN - Do you say you have no Poll Tax in that very hallowed city of Toronto?

A. If there is one it is camouflaged and very nicely disguised.

BY MR. FRAWLEY - It is only for the casual people, is it not?

BY THE CHAIRMAN - No, it is for the protection they get, police protection and so on, for people who have no property to respond to the taxes.

MR. FRAWLEY - We had it in Alberta, but it is gone?

BY THE CHAIRMAN - Like everything else worth any money in Alberta.

EXM. BY MR. COHEN (continued)

Q. Then that item Taxes, refers to Poll Tax?

A. Yes, and Income Tax too.

Q. Do you call that a check-off?

A. That is taken off.

Q. Well at least you are in very good company then when practising a check-off, because that is done under the authority of the statutes of the Dominion Government.

A. Yes.

Q. And on their instructions?

A. Yes.

Q. You are not forgetting that you are still listing this under the item "Privileges to Employees"?

A. Yes.

Q. Next "Instalment on purchase of real estate". Would that refer to real estate purchased from the Company?

A. Correct.

Q. So that with the exception of the item "Taxes" and as to that save as to the poll Tax, there is a statutory compulsion upon you to make the deduction of all these items I have listed, rent, coal, and instalments on purchases of real estate, are

items which are deducted from the wages of the employee in order to repay or reimburse the Company for something owing to the company?

A. That is right.

A. That is right.

Q. And when you state later on page 2 that the cost of making these deductions amounts to \$60,000.00, that would, as I think was pointed out from the Bench, that would and does assume that the figure includes the deductions for money due the Company.

A. I promised this morning to get a breakdown of that for you.

Q. We will talk about a breakdown in a minute. What I want to know is if it is true that the \$60,000.00, assuming that to be correct, covers the cost of deducting also the dues due to the Company by the employees for rent and coal?

A. You will see that when the statement comes.

Q. Can you tell us that now?

A. I should say it does. But we promised to give you a breakdown this morning of that.

Q. You said something this morning about somebody having supplied you with a figure?

A. That would be supplied by the office department.

Q. Somebody from your Accounting Department?

A. Yes.

Q. And undoubtedly you, as an efficient and conscientious General Manager, would not accept that figure without satisfying yourself as to what it included, and as to whether it was correct? You would not just take the figure?

A. I find I can trust the information supplied me by the Auditing Department.

Q. Now what do you mean by a breakdown?

A. Show how it is made up.

Q. I don't suppose it would be possible to break it down showing the cost figure in deducting money due the Company and the figure for other deductions? Would that breakdown be possible?

A. I should think so.

Q. I invite you to make it. Now if you don't mind I would like to revert for a moment and deal with another item, because I gather you were present when other testimony was introduced?

A. Correct.

Q. And I think it was you that told me that a great deal had happened while I was away? Is that right?

A. I don't know what you are bringing up.

Q. That things happened while I was away?

A. Yes, there was evidence taken that you missed.

Q. Were you present when the Brief came up that states that it comes from the Sales Department of Dosco?

A. I was here when that was read.

Q. I wonder if I could ask for the Commission Exhibit number of that brief?

(Exhibit No. 6).

Q. Who put Exhibit No. 6 in evidence, Mr. McCall?

A. Mr. McLanders.

Q. And what is his position in respect to Dosco?

A. Mr. McLanders is the chief of the Coal Sales Department. General Manager of Coal Sales is his official title.

Q. I imagine there would be rather a close association (and I do not say this in any unflattering spirit, so don't misunderstand me) between yourself as Manager of the Dominion Coal Co. and Mr. McLanders as Sales Manager.

A. Oh yes.

Q. The better a job he did with respect to selling, the better job you could do with respect to getting more coal turned out?

A. Yes.

Q. So there would be quite a natural link between you?

A. Yes.

Q. I am rather interested in your reaction to the observation contained on page 18 of Mr. McLanders brief, and of course you realize how little time I have had to deal with these things, and permit me to read it.

"(b) COAL FROM OTHER PROVINCES Coal produced in Alberta and Saskatchewan, the two provinces producing a large enough tonnage to be a serious factor, has not to date penetrated eastward of Western and Northern Ontario and only only in small amount. Future developments may bring the coal into Ontario in larger amount and if that happens it would seem advisable to zone the areas or limit the classes of business to be served by Western and Eastern coal to avoid one competing against the other." And I would call your attention particularly to the part "and if that happens it would seem advisable to zone the areas or limit the classes of business to be served by Western and Eastern coal to avoid one competing against the other." Now that I called that to your attention, do you remember it being put in evidence?

A. I was present when that was read.

Q. I didn't ask you that. I asked you, do you remember that that was put in evidence?

A. I could not have remembered that paragraph.

Q. But now that it is brought to your attention, do you remember that that was put in evidence?

A. The whole Brief was put in so it must have been. I could not have quoted that to you.

Q. Now that I have quoted it, do you agree with Mr. McLanders in that observation?

A. I am not sufficiently informed with the details of coal sales in that part of the world.

Q. What part of the world?

Q. Between Western and Eastern coal to answer that.

Q. To answer what?

A. I am not familiar with the details of sale operations.

Q. There would be a jurisdictional dispute if I asked you that. Mr. McLanders suggests that there should be a zoning as between the coal produced in the West and the coal produced in the East. That is that certain areas the Eastern coal could go into, and certain areas the Western coal. Do you agree with

that general principle?

A. I have not given that any particular thought.

Q. I ask you to give it some thought and tell me?

A. I have not given the matter any thought, and have not the necessary data beside me to say if that would be correct or not.

Q. What?

A. The statement made in here.

Q. That there should be zoning?

A. I am not the Coal Sales Agent.

Q. I asked you if you were prepared to commit yourself to that?

A. No, I am not.

Q. I want to know how far you agree with the witness who spoke from the box and gave evidence, or testified that it was advisable to zone the areas, or limit the classes of business to be served by western and eastern coal to avoid one competing against the other? I ask you again if you agree with that?

A. I decline to answer that question.

Q. Then despite the very close link between yourself and Mr. McLanders, you don't feel you can at this moment express yourself one way or the other about that?

A. Correct.

Q. Suppose I suggest to you that if in fact any such zoning takes place you have a closed shop for some area of the country to some producer. How would that affect you as between zoning of Eastern and Western producers? You have told us the closed shop is undemocratic.

A. I am not answering that.

Q. Well then, you feel that the closed shop when asked for by workers is undemocratic?

A. That is correct.

Q. I point out to you that Mr. McLanders on page 18 of Exhibit 6 is in effect requesting a closed shop as to some areas of the country for Eastern producers of coal, and a closed shop as to other areas of the country for Western producers of the coal, and having regard to your adherence to democracy, I ask you now

do you or do you not subscribe to the statement made by Mr. McLanders?

A. I am still not answering.

Q. Well we can draw inferences you know?

A. You can.

Q. But you still think it is undemocratic to grant a closed shop to workers?

A. I do.

Q. Do you think it is undemocratic to grant a closed shop to Industrialists of any section of the country?

A. I am not answering that.

Q. I thought I might tempt you again, but you are not answering it?

A. No.

Q. Now I am awfully sorry to have to back-track on something, but on Page 1 under "Collective Agreement", it appears to warrant a comment. Would you mind just looking at the concluding sentence at the end of the second paragraph, you have - "It must be acknowledged that our employees have not always lived up to the responsibilities and obligations which their organization implies." You see that statement?

A. Yes.

Q. Can you find anything at all in your observations on collective bargaining, that there may have been times when the Management may not have lived up to the responsibilities and obligations that attach to it? Can you find any reference to that?

A. Not here.

Q. Anywhere in here, or in any statement you put in, or in any statement to the Commission?

A. I don't think that has been stated.

Q. Don't you think in all fairness that should have been stated, instead of merely isolating the employees for the times that they have not always lived up to their responsibilities and obligations which their organization implies. Don't you think so?

A. Have there been times when the Company has not?

Q. That is what I want to know from you. Is it your view that there have been no times when the Company has failed to live up to your obligations and responsibilities. I want the answer from you and not from Mr. Kelley. I don't like this Cohen and Kelley arrangement. I know he was thinking aloud but he was too loud.

A. What was your question?

Q. You have made the statement that it must be acknowledged (no reservation or qualification about that) that our employees have not always lived up to the responsibilities and obligations which their organization implies, and I am asking you, could you with equal honesty have said that the Company has not always lived up to their responsibilities and obligations?

A. I don't think so.

Q. Then I take it that in your view the Company has always lived up to their responsibilities and obligations?

A. We have endeavored to.

Q. I am not talking about endeavors, but about the actual fact. Do I understand that it is not your view and you are not prepared to subscribe at all to the suggestion, let alone that it must be acknowledged, that the Company has not always lived up to its responsibilities and obligations?

A. My answer is that we have endeavored to live up to our responsibilities as set forth in the contract.

Q. Would you be prepared to agree that despite those endeavors there may have been times when, even unwittingly, or wittingly, the Company has failed to live up to their responsibilities and obligations?

A. No, I would not say that.

Q. The Company is infallible?

A. No, it is not.

Q. At any rate it has not failed in any endeavor to live up to the responsibilities and obligations that rest upon it? Is that your view?

A. Taking that by and large, yes.

Q. But you don't hesitate to shove away over in the other column, and I only ask you about this to get an idea of credibility, you don't hesitate to shift away over and start with a formative statement that - "It must be acknowledged that our employees have not always lived up to their responsibilities" and you do not hesitate in stating that this document shall be placed in evidence before this Court?

Q. And putting that out before the public?

A. Yes.

Q. You knew it was going before the public?

A. It will be public knowledge, the findings and proceedings of the Commission.

Q. And possibly in the Press?

A. Yes.

Q. If you had not been so busy you would have seen it in the Press already, as I did at lunch time, and do you think it is helpful to the relationships that prevail between the men and the Company in respect to enterprises of this sort,, before a Commission dealing with such an important matter,, and with responsibility to the Dominion as a whole, and with the people of Canada from coast to coast having its eyes on the Commission, to put out to public channels the statement that "It must be acknowledged that our employees have not always lived up to their responsibilities and obligations which their organization implies". Do you think such a thing is helpful to the relations that should prevail in this area between the Company and the men?

A. I think if it brings it home to our men that they have not been living up to their responsibilities, that it might result in good.

Q. And would it at the same time convey to the public the impression that if there has been any failure to live up to the responsibilities, it is a one-sided failure, that of the men, and not at all that of the Company? Do you think it fair

to convey that impression to the people of Canada through the medium of this brief presented to this Commission? Because you have done so. And do you think that fair, or constructive or helpful?

A. I have already answered that. I said if it brings home to the men the fact that they have not been living up to their agreements, it will be constructive and helpful.

Q. I ask you to give me a "yes" or "no" answer. Do you think it constructive in the interests of the coal mining industry carried on by Dosco in Nova Scotia to convey to the public of Canada the information expressed by you that there is a one-sided failure and that by the men, to observe responsibilities or obligations, and no failure on the part of the company?

A. I am not answering that question, but I am putting that before the Commission and not before the public of Canada.

Q. You know it was a public Commission?

A. There are a lot of things that will come out, that the Commission have to know, and I have put it up to the Commission.

Q. You knew you were dealing with a public commission?

A. Yes.

Q. With the Press present and reporting it?

A. Exactly.

Q. And I invite you to examine the press reports, and since you volunteered a statement when you returned this afternoon, let us see if you will volunteer another statement with regard to the item in the press. Now with regard to the Dominion Coal Workers Relief Association. Has there been any Actuary dealing with this proposition as to what should be paid in or how sound it is?

A. This has been running for a number of years.

Q. I am beginning to see that before this is over we will be able to say the same about this. Of course I am very much interested in the history of Nova Scotia and its beauties

A. This is run by the workers themselves.

Q. Has there been an actuarial survey at all, or equivalent,

in connection with this whole Workers Relief Association?

A. I don't know.

Q. I am only the Counsel and you are the General Manager, so you could not be expected to know. Now Item No. 3, the $\frac{1}{2}\phi$ per ton of coal mined, how does that compare with the employees and the Company. The employees contribute 30¢ a week, and the Company 32 $\frac{1}{2}\phi$ per month, and the Province $\frac{1}{2}\phi$ per ton mined. What is the relationship? Is the contribution of the Province about the same as that of the employee?

A. That is a bit of arithmetic. Four million tons say, and that will be about \$20,000, if the output were 4,000,000 tons.

Q. If you had 10,000 employees, that is what per week?

A. It would be \$2.00 per employee per year.

Q. That is about 60% of the amount contributed by the Company.

BY COMMISSIONER McLAURIN - The employees contribute by the week and the Company by the month, or \$15.60 a year. The employee contributes per annum \$15.60, and the Company how much?

A. 32 $\frac{1}{2}\phi$ by 12, \$3.90 a year.

BY MR. COHEN - And the Government?

A. It depends on the annual output.

Q. Assuming that we have the 4,000,000 tons.

A. \$20,000 a year.

Q. So that the net result is, on that assumption, that you have a total contribution of \$21.50 of which the employee himself contributes \$15.60?

BY MR. FRAWLEY - The Provincial contribution could naturally be increased.

EXM. BY MR. COHEN (continued)

Q. Assuming that it is \$2.00 per annum per employee; you have \$13.60 by the employee, \$3.90 by the Company, and \$2.00 by the Provincial Government, giving as a total contribution into this relief fund \$21.50. Is that right?

A. I have not added all these figures up, but I think it is.

Q. And out of the \$21.50 the employee pays \$15.60?

A., That sounds correct.

Q. And that you list as one of the privileges of the employees?

A. Yes.

Q. That is the privilege of paying \$15.60 into a Relief Fund the total annual contribution to which is \$21.50. Is that right?

A. Yes.

Q. Now then on the last line of that page "in addition to the above sick benefits, which may be enjoyed on more than one occasion, the Association pays death indemnity." I suppose you will agree that "which may be enjoyed on more than one occasion" was rather an unfortunate term to start out with?

A. I think it is a technical term.

Q. "The Association pays death indemnity as follows". Is that the inference there, that that can only be enjoyed once? Is that what the inference is?

A. Yes.

Q. Can you tell me why with respect to Item No. 3, the payment of \$3.00 per month per child should cease when the child has reached the age of 14 years? Why do you select 14 years?

A. I didn't select it. This is the Employees own Benefit Society to which we contribute.

Q. Would you look at the second paragraph on page 3 in which you say: "The Association is self-governing, being managed by a Board of Directors made up of ten drawn from and representing the employees, five representing the Company, and one representing the Provincial Government."

A. Yes.

Q. So certainly the Company and the Government do participate in the affairs of the Association?

A. But the voting power is 10 to 6.

Q. You are not going to suggest that those ten employees are going to majorize the situation. But assuming that is so, I would like you to tell me why the age of 14 years is selected?

A. I can't tell you that.

BY THE CHAIRMAN -> I think in the very old days under the Mines Act children were not allowed to go into the mines under 14. Now it is under 16, and I presume that is the reason it was 14 at that time.

EXM. BY MR. COHEN (continued)

Q. Mr. McCall, may we take it the age limit below which a person cannot enter the mine is 16 years of age?

A. Correct.

Q. And yet the payment of benefit, and I am not going into the question of the amount per child, stops at 14?

A. That is correct.

Q. Now let us come to the question of pensions. That is a very imposing sort of term. We are clear upon this, that no employee can get a benefit as of right?

A. No, there is no right to it.

Q. That is, the Company has paid into a fund which it calls a Pension Fund, or its equivalent, and given some money?

A. Correct.

Q. How much money has been paid into that fund by the Company?

A. Since its inception?

Q. What it incepted it to begin with?

A. I will need to get that information for you.

Q. Can you tell us how much is in the fund now?

A. It is used up every year.

Q. What is used up?

A. The pension money allotted for the year is used up.

Q. That is, the Company allots a certain amount per year and it is paid out?

A. Yes.

Q. I see on page 4, it is \$109,500. Is that the present scale of that fund?

A. Yes, that is what the Company pays out.

Q. Now then, what employee is qualified to be paid out of that fund?

A. They have to be over 65 years of age, and to have had 25 years service. That is written in there.

Q. What else? Does an employee who is 65 years of age and who has had 25 years service with the company, then become entitled, as of right, or does he receive a pension?

A. He becomes eligible for pension.

Q. And then what happens?

A. If he wants to, he applies for pension.

Q. He has applied, then what happens?

A. His name comes up before the Pension Committee.

Q. Who makes up that committee?

A. A number of the Company officials.

Q. Then what happens?

A. Then they find out if there are any vacancies in the pensions.

Q. I would like to understand that. What do you mean by vacancies?

A. Any deaths.

Q. In other words in 1944 the Company paid out say \$109,500 and that provided pensions at varying amounts as to the Dominion Coal Co. for 247 employees?

A. Pensioners.

Q. Yes, who had been employees?

A. Yes.

Q. There might have been an additional number of employees over 65 years of age who had worked for the Company for 25 years who would not be getting any pension?

A. Certainly.

Q. You need not be so enthusiastic.

A. I was feeling your enthusiasm.

Q. I don't see anything to be enthusiastic about a pension scheme of \$109,500 a year?

BY THE CHAIRMAN - I doubt very much if you could duplicate that in Canada.

BY MR. COHEN - I will take the challenge.

EXM. BY MR. COHEN (continued)

Q. Any of these individuals who may be over 65 and have had 25 years in the service, would have to wait until one of the 247

died before his eligibility could even be seriously considered?

A. No, he is considered and his eligibility is looked into and he is put on the list.

Q. But although he is put on the list, he does not begin to get the pension unless someone dies and his is the next place on the list?

A. That is right.

Q. So that it operates something like the barber shop, you go in and you are next, as soon as the chair is vacated you get in.

A. That has been the situation.

Q. And it is the situation today? That a man may be on the list and unless by death enough people have been removed to give him his "next" so to speak, he does not begin to get a pension?

A. That was the thing. But I said this morning that the Company had allotted another \$100,000 to the Pension Fund, of which the Dominion Coal Co. will get its proportion, and when that is put into full effect there will be practically nobody left eligible for pension who will not get it.

Q. There may be some?

A. There will be very very few, if any.

Q. But if more should develop during the course of the year, they would be in the same position of having to wait until somebody died before they would be able to begin to receive a pension even with this increase?

A. Our experience shows that when this is established there will be very few on the waiting list.

Q. But if any are on the waiting list, they must wait for someone to die before they collect a pension?

A. That is right.

Q. Does an employee if he is 65 or over and has worked for the Company for 25 years, does he automatically go on the list?

A. He applies.

Q. You have told us that. Suppose the Committee meets and finds as a fact (a) that he is a man who is 65 years of age, and

(b) that he has worked for the company for 25 years. Does his name automatically go on the list?

A. I cannot follow that.

BY THE CHAIRMAN - He does not become a pensioner automatically.

A. Not without application.

EXM. BY MR. COHEN (continued)

Q. I don't mean that.

A. I don't understand your question.

Q. Let me rephrase it. A man in your employ has reached 65 years of age?

A. Yes.

Q. He has worked for your company for 25 years?

A. Yes.

Q. He has applied for the pension?

A. Yes.

Q. We have that clear, have we?

A. He is applying for pension.

Q. He has applied, and having applied this Committee of Managing Officials sit around the table and consider the application?

A. Yes.

Q. The Committee find as a fact that the man has worked 25 years and that he is 65 years of age. Having found that to be the case as a fact, does the man's name then automatically go on the pension list?

A. Yes.

Q. Automatically?

A. Yes, it goes on the pension list automatically.

Q. That is the only thing the officials inquire into, whether he is 65 and whether he has worked for the Company 25 years?

A. Yes. If he is qualified to receive a pension.

Q. It is the qualifications I want?

A. If his qualifications are correct.

Q. Are those the only two qualifications?

A. That is the only two I know of.

Q. And when he goes on the list does he retain his place on

the list? Suppose a man dies, who takes his place?

A. The next on the list.

Q. You are quite clear, are you, that that is the practice followed with respect to those pension rights?

A. That is my understanding of it.

Q. When was it that the Dosco Corporation, and I take it you mean the Dosco Corporation as a whole, allotted another \$100,000.00 to the fund?

A. Effective beginning this year.

Q. Effective beginning January 1st, 1945. But I asked you when the decision was made to add that amount to the fund?

A. Some time last year.

Q. Can you tell me when?

A. I can't tell you the date.

Q. Can you give us any approximation?

A. It was in the Fall, I believe.

BY THE CHAIRMAN - Was that to become effective in January or February?

A. The first check will go out on the 1st of February.

Q. So it takes in January?

A. Yes.

EXM. BY MR. COHEN (continued)

Q. So when you made the statement you did in your evidence in general, that the circumstances are determined by the Pensions Committee, may I take it that the only circumstances taken into account or considered are (a) the age of 65 years, and (b) the service of 25 years? Are we clear on that?

A. That is to my knowledge.

Q. Do you know?

A. I am not a member of this Pension Committee, and if you want further evidence on that I would suggest you ask one of them.

Q. Or perhaps you can inform yourself and let us know?

A. That can be done.

Q. Will you do that?

A. Yes.

Q. Can you tell me now how many employees you have today in the employ of the company, who are 65 years of age? We are still talking of the Dominion Coal.

A. Not at this moment I cannot give you that.

Q. Can you get us that information?

A. I will endeavor to.

Q. Would you mind going a little further and let us have the age distribution of your employees?

A. There is a survey being made on that at present.

Q. Can you furnish to this Commission a statement showing the age distribution of your employees in the Dominion Coal?

A. When this survey is completed we will put it before the Commission.

Q. Can you furnish it to the Commission?

A. Yes.

Q. You tell us a survey is being made?

A. It will take us a little time to get it.

Q. How long will it take you approximately?

A. To complete this survey?

Q. I call it a statement, showing the age distribution of the employees?

BY THE CHAIRMAN - What do you mean?

A. I mean how many are 50, and how many are 69.

BY COMMISSIONER MORRISON - They will be grouped.

BY MR. MCCALL - Yes we will group them in 5 year groups..

BY MR. COHEN - I would ask that the specific ages be given.

BY THE CHAIRMAN - It will mean in some cases going to individuals and asking their ages.

EXM. BY MR. COHEN (continued)

Q. Every card has the age of the employee, does it not?

A. Yes.

Q. And beyond the fact that the list will be longer, you can arrange it according to the specific ages?

A. We can, but we have it under way in the 5 year groups.

BY MR. COHEN - I would ask you, and leave it to the Commission that they ask you, that that be furnished in terms of actual ages, or if there is to be a grouping, that it be less than 5 years, because 5 years is quite a space with a man getting on to 65.

EXM. BY MR. COHEN (continued)

Q. You say here that "Pensions may be granted after twenty-five years of service to any male of 65 or any female of 55 years of age". I wondered how you could ever find out how a female is over 55.

A. I think with your pertinacious questions that you could find out Mr. Cohen.

Q. Now then "Low Rental of Houses". You are quite sure there was nothing wrong with the typing there, that it is not "Rental of low houses", because I have seen some of them.

A. Nothing wrong with the typing.

Q. Can you tell us anything about these houses. I will not say you sedulously refrained from saying anything about them, but there is no description of them.

A. We will furnish you with a description of the houses.

Q. It is not so important to furnish me as the Commission, because they will be dealing with them. Can you tell me something about them, or will you furnish a description in writing?

A. We will furnish a description in writing.

Q. Can you tell when they were built, and what the nature of these repairs have been where you talk of \$100,000. and so on?

A. That can be done.

Q. Then we will deal with the rental and houses later. How many rooms would be in a \$9.00 house?

A. They vary.

Q. How many rooms are offered for \$9.00?

A. About five rooms I think in it, 5 to 6 rooms. It depends on the house. They are not all just one type of house.

Q. How many of such houses are there?

A. In the Company's possession at the present time?

Q. I don't know quite what you mean by that. How many has the Company now? Can you show that in your statement?

A. I can. There are actually I believe 862 houses.

Q. 862?

A. Yes.

Q. And are they all rented?

A. Yes.

Q. And you will give us when you prepare the further memorandum a description of what you so elegantly described here as plumbing and sanitation. Give us a description of what that is because sometimes that covers a multitude of possibilities.

A. Yes.

Q. And in respect to this "In order to satisfy an employee's desire to own his own house, the Company in 1921 undertook to sell to suitable employee-purchasers" What do you mean by "Suitable employee-purchasers"?

A. To people of good standing that would pay the money down for them.

Q. That is the \$25.00 that you refer to?

A. That is only the deposit amount.

Q. Can you tell us how many houses now are so-to-speak in the course of being purchased?

A. I am afraid I have not got that statement. We will put it in the statement.

Q. And the same thing in regard to the lots. Will you in your statement include, I don't just want to know how many houses, but where they are, both those you rent, and those now under sale, and similarly with respect to the lots under sale.

A. We will include the lots in that.

Q. I want their location as well as the number of lots. Not just so many lots, but where they are located.

BY COMMISSIONER MORRISON - A legal description.

A. No, just tell us what streets they are on.

BY MR. McCALL - The ones sold?

EXM. BY MR. COHEN (continued)

Q. In the course of being sold?

A. That is what I thought.

Q. Now just one item about this question of coal. You told us that you sold to the public at \$7.56?

A. That, I believe, is the selling price.

Q. And in the course of selling to the public there are certain costs incurred by way of selling expense? That is right, is it not?

A. Oh yes.

Q. And that is \$7.56 as of what place? Where is the coal when it is sold for \$7.56?

A. If you want some coal and go to the coal chute with your team, you are not an employee of the company, you get that coal for \$7.56.

Q. If you don't mind, and I appreciate the invitation, but I would rather not go to the coal chute. I am living in another city and some dealer has procured that coal from you to sell to me at a very reasonable profit, I hope. Does he pay you \$7.56?

A. Who?

Q. The one who is buying it from you?

A. We are talking about this local district. This is coal to employees.

Q. You said you sold it to the public for \$7.56?

A. To the local public.

Q. What do you sell it for to the general public?

BY THE CHAIRMAN - What do you mean?

MR. COHEN - Suppose I am in Halifax.

EXM. BY MR. COHEN (continued)

Q. I want to know your price in Sydney quoted to a man carrying on business in Halifax who wants you to sell him coal?

A. What we quote?

Q. Yes?

A. I am not giving that figure, Sir.

Q. Then whatever the figure is it will have to take care of

selling expenses?

A. Yes. That figure will be made available to the Commission should they so desire it.

Q. And obviously you have no selling expense so far as employees are concerned?

A. Yes, we have.

Q. How?

A. We have to have a weighman, and maintenance of the depot where we sell it.

Q. Anything else?

A. Taxes on it. All these add up and make a selling expense.

Q. But you have additional selling expense when you sell in Halifax?

A. Yes, different kind of expense.

Q. Don't you call that sales expense?

A. Yes.

Q. That kind of sales expense you have not got when you sell coal to your own employees?

A. No.

Q. Now at the bottom of page 6 you have "Assistance to Employees" can you give us something as to that for the last five or six years?

A. We can supply that figure.

Q. I would request that that be done?

A. Certainly.

Q. Of course you are not serious in suggesting this item of first aid to the injured as Privileges to the Employee? Why not be fair to yourself. Surely you don't say that is anything but an obligation resting on the employer?

A. Have all employers given it.

Q. Would you regard an employer who didn't give it as fair?

A. I don't think in their own interests they would be very well thought of, but it is something we have developed on our own. We keep these First Aid stations and teach these men first aid.

Q. I have invited you to take that out of the list of privileges to employees, in fairness to yourself, and to treat it as an

obligation?

A. I don't think so. It shows what we are doing.

Q. Then to be clear you have trained 40 men, and you hope to have another 40 trained?

A. We have another 40 well under training.

Q. We are all overwhelmingly glad to have those figures.

A. It is something that is absolutely new to this district, and things have to be built up.

Q. What is this "Security of Employment" on page 12. Where is there any security of employment, or any privilege there? I invite you again to take that out and exclude that from your list of privileges. What is there in your document that in any scintilla constitutes an employees privilege?

A. It is in there and if you don't like it you can excerpt it from your copy, but I am leaving it there.

Q. I suggest that you are extending yourself and trying to make it appear that there are employees privileges. I suggest that to you and invite you that you at least exclude this item. Is the invitation still declined?

A. Still declined.

Q. Now when you speak about clean coal, you were asked about clean coal; that is still part of the Employees Privileges. It is a fact, is it not, first of all that the employees are paid for a short ton?

A. The employees are paid?

Q. Is there not a certain deduction made from the total quantity of material mined by them?

A. No sir.

BY COMMISSIONER McLAURIN - They are paid in the long ton.

EXM. BY MR. COHEN (continued)

Q. Are you sure about that?

A. Absolutely sure.

Q. Is the stuff examined?

A. What stuff?

MR. COMMISSIONER McLAURIN - You mean the coal that is brought up from the pit head?

EXM. BY MR. COHEN (continued)

Q. There is a Coal Inspector there?

A. Yes, the coal goes into the screening plants and the men pick out the stone from it.

BY MR. FRAWLEY - I am told out in Alberta they do dock them for slate and rock.

EXM. BY MR. COHEN (continued)

Q. Now on page 15, where again you sort of stretch out to be able to pat yourself on the back, yourself being the Company. You say - "It is complimentary to the Company's sense of fairness that the Chairman of this Board is a Past president of the Union, and the Acting Chairman is the Union's immediate Past Secretary." He is also a Past General Superintendent, or Past Assistant Superintendent, is he not?

A. No.

Q. Who is the Chairman of the Board?

A. John W. McLeod.

BY MR. FRAWLEY - From New Glasgow?

A. No, from the district here.

EXM. BY MR. COHEN (continued)

Q. And before he was Chairman of the Board, he was an Official of the Company?

A. Yes, and before that he was President of the Union.

Q. And before that he was an infant of 2 years of age. Do you want to trace this man's life?

A. Yes.

Q. I only asked you about one thing. I don't mind your supplementing your testimony later as you did when you came from lunch. I asked you if this man was a Past General Superintendent, or Past Assistant Superintendent?

A. I answer you, yes.

ROYAL COMMISSION ON COAL

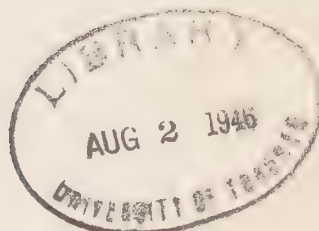
Sydney, N. S., January 23rd, 1945.

Sixth Day.

WITNESSES:

T. L. McCall.....	Pages 423 - 446
H. C. M. Gordon.....	447 - 461
Johnson Chow.....	462 - 504.

- - - - -



LIST OF EXHIBITS

No. 24 - Plan showing leases in Sydney
coal field, divided into green
and red, green representing the
holdings of Nova Scotia Steel &
Coal Co, and red of the Dominion
Coal Co. Dated..... 23/1/45
Page 423.

No. 25 - Breakdown of additional cost of
Check-off and collections
Dated.....23/1/45
Page 423.

No. 26 - Submission of Old Sydney
Collieries, Ltd. Dated.....23/1/45
Page 447.

No. 27 - Brief of Associated Boards of
Trade of Cape Breton Islands
Dated.....23/1/45
Page 461.

- - - - -

TUESDAY, JANUARY 23rd, 1945

The Commission reconvened at the Court House, Sydney, N. S., at 10.00 A.M.

T. L. McCALL resumed the witness stand.

BY MR. FRAWLEY: Before Mr. McCall resumes he has handed me a plan, which will be Exhibit 24, which I am now tendering.

Exhibit 24 - Plan showing leases in Sydney coal field, divided into green and red, green representing the holdings of Nova Scotia Steel & Coal and red the Dominion Coal Company holdings.

MR. McCALL. Examination continued by Mr. Cohen.

Q We were getting on pretty well to the last page or so of the document that you put in evidence yesterday, No. 20.

A There was certain information that you asked for yesterday, Mr. Cohen. Would you like that presented now? I can't give it all but I can give you some of it.

Q Well, I suppose we would all be very much obliged for as much as you can give us now, and that will be supplemented later so that it will be complete?

A The sum of \$60,000 which it was stated in the brief was the cost of making the check-off and collections was debated a little bit I think yesterday during the course of the hearing and I promised to give a breakdown--I think that was the word I used--of that \$60,000, and this is what I find to be the breakdown: Clerical staff amounts to, annually, \$53,568, that is the clerical staff in connection with the check-offs. Workmen's Compensation on the above comes to \$2,410; Unemployment Insurance comes to \$504; stationery, postage and office equipment \$6,500, making a total of \$62,982.

BY MR. FRAWLEY: If you have a few sheets of that I think we will identify it as an exhibit.

Exhibit 25 - Breakdown of additional cost of check-off and collections, Dominion Coal Company, amounting to \$62,982.

BY MR. COHEN: Is there any other item that you would like to give us in the way of data or information?

A Yes. I was asked yesterday regarding the number of people, and the amount, that had received assistance.

Q That was under the heading of "Assistance to Employees"?

A In the year 1943.

Q Excuse me one moment if you don't mind my interrupting you. Are you going to have that down on a sheet like this too?

A No, this will just be written into the record. In the year 1943, 79 persons received assistance totalling in all \$2,790. In the year 1944 there were 83 individuals received assistance totalling \$4,371. There was another bit of information that was asked for and that was on pensions, and I believe that the question was, what was the total amount of money that had been paid out in pensions from its inception in 1924, January, to December 31, 1944.

BY MR. COHEN: Let us not misunderstand each other. There is nothing that at all stands in the way of your furnishing that information to the Commission, but no such question was asked by me. I asked for the number of employees over 65 years of age who are in the employ of the company.

BY THE CHAIRMAN: I think that Mr. Frawley asked some questions.

BY MR. FRAWLEY: I am not at all certain that I asked that particular question but I think it completes what Mr. McCall was saying.

BY MR. COHEN: That's all right but I don't want it said that it is in answer to a question asked by me.

A I must have misunderstood the form in which the question was put. There has been paid out in pensions at the Cape Breton collieries \$1,371,286. That is in the Cape Breton collieries of Dominion Coal.

BY MR. FRAWLEY: That is both here and north side?

A No, just the Dominion Coal Company, and at the Cumberland Railway and Coal Company we paid out \$277,681, making a combined total paid out from January 1924 to December 31, 1944, of

\$1,648,967.

BY MR. COHEN: Does that complete the information you desire to submit to the Commission in connection with the matter of pensions?

A That completes it.

Q While you are just on that point were you able to obtain the figures that would indicate to us how many employees there are who are 65 years of age or over?

A As I stated yesterday, we have that survey.

Q Oh, I seen that is part of a general survey? All right. Is there anything else that you ---?

A Nothing else.

Q Thanks very much. Now dealing for a moment with these items that you have given us some further information on this morning. As you point out on page 7 of your brief these advances made to a deserving employee--and I am not going to start the day by getting into any discussion with you about that term--you go on to say, "permitting him to make repayment by small instalments" and so on. That is, these are loans that you make?

A Yes.

Q So that the net result of the information you have given us is that in the year 1943 the Company loaned to 79 employees a total of \$2,790?

A Right.

Q Which money has been repaid but you say without interest?

A Been repaid, yes.

Q And similarly in the year 1944 a total amount was loaned by the Company under similar circumstances of \$4,371 to a total of 83 employees?

A I think that was the figures.

Q And been repaid?

A Yes.

Q Is that right?

A I believe that was the figures; yes, 83 and \$4,371.

Q Now of course you have not overlooked the opening two words of the paragraph that you have in your brief dealing with these privileges, in which you start out by saying "Quite frequently an employee is in need of financial assistance"? That is a correct statement, is it?

A It would appear to be, sir.

Q And in relation to that situation in which quite frequently an employee is in need of financial assistance, during the year 1943 you loaned money to a total of 79 people?

A Yes.

Q Out of approximately 10,000, is it, employed by you?

A Well, rather less at present.

Q What is the number? 9,000?

A 9,000 at present.

Q Well, I was talking about 1943. How many were there then?

A About 9,000 then, yes.

Q In the year 1944 83 people received loans?

A Yes.

Q Now then, coming down to the figures that you supplied which you suggest is a breakdown of the previous estimate of \$60,000. I hope you will not at all mind my suggesting to you that giving us figures in this form does not suggest a breakdown? What do you say? Do you regard that as a breakdown?

A Yes, I do.

Q If you had found that the Company had spent some 60 thousand odd dollars on a particular item and you asked your accounting officials for a breakdown and they just came back to you with one blunt item out of a total of \$60,000, clerical staff \$53,568 without any particulars to you of that clerical staff, or how and why that clerical staff is devoted or related specifically to that work, would you regard that as a satisfactory breakdown from your accounting department?

A That is a breakdown of this \$60,000. You said a breakdown divided into clerical staff and these various other items.

Q Oh no, nobody suggested it should be broken down that way.



It was a breakdown to satisfy us on the correctness of the figure.

A I satisfied myself on the correctness of the figure.

Q I am sure the Commission will be very glad to have you take over part of their duties but I suggest they might like to satisfy themselves. I suggest to you that coming in and giving us a figure of \$53,000 as a breakdown of a figure of \$60,000, without in any way telling us about this clerical staff, how much they do and why so much is needed, I suggest that is not a breakdown to satisfy the Commission. Can't you give us more particulars?

A If the Commission would like to have some more figures they will certainly be supplied.

BY MR. KELLEY: I was going to suggest that if any further particulars are required Mr. McCall is not the man, but we would be glad to furnish any breakdown that the Commission suggests from the auditing department of the Company.

MR. McCALL: There are 36 on the clerical staff that could be laid off if there was no check-off at all.

BY MR. FRAWLEY: You have 36 people just doing nothing but looking after those check-offs?

A Yes.

BY MR. COHEN: Now then, let me understand clearly. Do you suggest that these 36 people are engaged in no work except the work of clerical work in connection with the check-off, that that is all that they do? Now do you suggest that?

A I suggest that if we abolish the check-off we could do away with 36 of the clerical staff.

Q That doesn't quite answer my question.

A That is a plain statement.

Q I have asked you about another state of affairs. I have asked you if you swear, or suggest even, that those 36 clerical workers are engaged in nothing but work arising out of the check-off?

A No, I would not suggest that but at the same time other people would be doing check-off work too.

BY COMMISSIONER MORRISON: Including collections for the Coal Company?

BY MR. COHEN: Setting aside, with the permission of the Commission and Commission Counsel, for a moment the fact that the check-off here for the moment is related to all deductions, including those due to the Company, it is clear then from what you now tell us that some of the time of those 36 clerical workers is spent on matters other than clerical work dealing with deductions? Now that is right, isn't it?

A I expect so.

Q You know so?

A And some of the time of other people is also devoted to that, beyond the 36.

Q Now did you attempt any breakdown between the time or expense involved in deductions for items due to the Company and deductions for Union dues and so on?

A No, that is all the deductions. That is what it costs.

Q And as a matter of fact if you didn't carry on any deductions for Union dues or things of like character and you were making deductions for rent due to the Company by employees and coal purchased by employees and supplies purchased by employees and repayment of loans and so on you would then still require a considerable clerical staff to keep track of those deductions?

A Oh, but I am saying if there were no deductions at all, no collections.

Q I would like to find out something about that. Let's assume that you are deducting for items due to the Company, whether it be rent, purchase of a house, purchase of a lot, repayment of a loan, payment for supplies, anything else that you have in your list here, you would still then require and would be forced to maintain a large clerical staff to take care of those deductions?

A We would certainly require a clerical staff to take care of it.

Q And I suggest that pretty well the same staff would be needed?

A I don't think so. Your clerical work will vary according to the number of collections, I would suggest that.

Q To what extent would you suggest then there would be a variance, since you are prepared to be emphatic for once on this subject? How much variance would there be? Can you tell us?

BY THE CHAIRMAN: I would not suppose that Mr. McCall could tell that. I think you have gone far enough on this line to indicate clearly that there would be less accounting required on those items.

BY MR. COHEN: I didn't like to discourage Mr. McCall when he was being positive for once.

BY THE CHAIRMAN: Mr. McCall is quite able to take care of himself on the question of positiveness.

BY MR. COHEN: I suppose you would just as soon that we now got on with the rest of the document?

BY THE CHAIRMAN: You mean the Commission would just as soon?

BY MR. COHEN: Well now, I really am indebted to the Commission for the mildness of that rebuke.

BY THE CHAIRMAN: Oh, it is not a rebuke at all.

BY MR. COHEN: Then I am more indebted than ever. Will you look at page 16, the last page of the brief that you filed. Now dealing with the item "Vacations with Pay"--now first of all it is clear, is it not, that the first time the vacation with pay plan was ever instituted was in the year 1944?

A That is correct.

Q And that that was done as a result of an order of the National War Labour Board at Ottawa? That's right, isn't it?

A Correct.

Q And there had been requests addressed to you in previous years on behalf of the employees, had there not, time and again asking for vacations?

A There had been requests made before, yes.

Q And declined?

A And declined.

Q And then instituted in 1944 by order of the Board? That right?

A Correct.

Q Now you made some reference to D.B. 17 yesterday which duly impressed all of us, which you said referred to a general practice of requiring 300 days employment?

A That is correct.

Q And of course you know that D.B. 17 is neither an order nor a directive nor a document which in any other way binds or governs, or has bound or governed the National War Labour Board?

A It is not binding.

Q It is not even instructive?

A I should say it was instructive, otherwise I fail to see why it was put out.

Q Well, far be it from me to go into that. I think it should be put out, but in a different sense. Now are you familiar at all with any of those vacation plans that have been ordered? I mean you spoke yesterday with a certain amount of authority about this question of 300 days?

A Yes.

Q Are you familiar with the fact that when it came to applying that vacation plan on the railroad that qualification was 300 days in two years, not one year? Were you familiar with that?

A No.

Q And that would cover a great number of employees?

A I suppose it would depend on what branch of the railroad.

Q Well, it covered 100,000. Since you have given us information I thought I would just reciprocate and let you know that.

A Thank you.

Q Do you know any other plans where less than 300 days are required?

A I can't say I do.

Q Of course you do know, having heard it from the Bench yesterday, that two weeks vacation was ordered in the West?

A So I heard the Bench saying.

Q Didn't you know that before?

A I have heard it, yes.

Q I am asking you if you knew that before? I may have heard something but that doesn't say I accepted it and knew it.

A I knew they had received a fortnight's vacation with pay but under what terms I am not certain.

Q Now of course there is no quarrel between us about the fact that there are occasions during the year inevitably when as a result of conditions that neither you nor anybody else can control work cannot be performed?

A On occasions.

Q And can you give an estimate as to the number of days approximately say on the average the number of days that would be so consumed?

A It varies from year to year. It is a matter of climate a good deal with us here. We get a bad storm, railroads get tied up.

Q How many days would you say would be lost in a good year and how many days would you say would be lost in a bad year, and then we can draw our own conclusions from that?

A Well, perhaps three or four days might be lost.

Q In a good year?

A No, we'll take an average year.

Q You suggest that the average loss would be three or four days in the year?

A Three or four days, yes, for storms, rains.

Q I am not asking about storms. I am asking generally about conditions that might make it impossible to carry on operations in the mines, impossible for you to control, and you say it would only occur on the average three or four days in the year?

A I should think so on the whole, perhaps five at the most.

Q And have you calculated just how many days would be taken out of the year by Sundays and statutory holidays and religious holidays and these days when the man would not be working, a reasonable number of days during the year, by way of allowance for illness? Have you calculated that number of days?

A Oh yes.

Q Well, do you think you could possibly get above 276 if you deducted that number of days from 365?

A Yes, I think so.

Q You are emphasizing 276 days as something distinctive. Do you think you could get above 276 if you deducted that number of days from 365?

A Yes, I think so.

Q Have you attempted that calculation?

A Yes, different times.

Q And what figure did you arrive at?

A That a man could work?

Q Yes, if you took off Sundays, statutory holidays, religious holidays, days when the mine was not in operation through conditions beyond anybody's control, and a reasonable allowance for illness and such contingencies as perhaps death in the family and so on, now how many days would you say that total set of circumstances would make up?

A They would make up more than 276.

Q Obviously they would. I am talking about the difference between that and 365. How many days would be made up? There are 52--if I may start out by helping--52 Sundays and 6 statutory holidays, according to your agreement, so you start from that 58. Now then, after that, religious holidays, sickness, conditions in the mine that make it impossible to work, and contingencies such as a death in the family?

A Yes, but then if a man is ill and he produces a doctor's

certificate we do not count that as absent time.

Q Then you credit that in the 276?

A Yes.

Q Is that part of the plan?

A That is part of our agreement on holidays with pay with the United Mine Workers.

Q Is that part of your collective agreement?

A Yes, on holidays with pay.

Q If in point of fact you operated as you did in 1939 212 days, and you tell us that was the total number of days that any employee could work, then obviously he couldn't get anywhere near the 276, could he?

A No, he couldn't.

BY THE CHAIRMAN: You take that 212 days as being the limit that the mines were open for work?

BY MR. COHEN: Yes. If every man took advantage of every day in which he could work the total number is 212 in 1939.

BY MR. FRAWLEY: Then he would not get any vacation?

A He would get some vacation, according to the number of days he worked.

Q He would get a fraction of it?

A Yes, they don't all get six days with pay. They get it according to the time they worked in the previous year.

BY MR. COHEN: The maximum is six days? How is it allowed?

A It is written down here. One-half day of vacation is allowed for each 23 days worked the previous year.

Q So in that case an employee would get one day for 46?

A Right.

Q And he would only qualify for the six days if he reaches the 276?

A That's it.

Q And is there any distinction between employees of one year's service or five years' service or 15 years' service?

A No.

Q They all get the same?

A Yes.

Q No variance there?

A No variance. If the collieries can't work they get credit for that day too.

BY COMMISSIONER MORRISON: Reasons beyond the employees' control?

A Reasons beyond the employee's control.

BY MR. COHEN: You said something about a doctor's certificate. Is that something you pass on?

A If a man claims he was ill he has got to produce a doctor's certificate to the effect that he was ill.

Q Now just one other item by the way, then I am through with this document. Would you mind taking a look at page 1. There is a phrase there that seems to me to be rather unfortunate: "The background of employment and of social conditions in and around the mining towns as given above is one of long growth in insular and isolated communities." Now I can understand you calling some of these communities isolated. What do you mean by saying they are insular?

A Meaning we are on an island.

Q Is that what you mean by that?

A Certainly.

Q I will accept that answer. Then I can take it that we can say the people of Great Britain are an insular people?

A Well, that is rather a bigger item. Perhaps we might say the people of Europe were insular.

Q Here you call the workers of Nova Scotia a group of insular people and you tell me you use that term because they are on an island, and I say I will accept your answer.

A Yes, that is the reason. The point I was making was in the old days we were pretty cut off down here.

Q Well, isolated? You told us early in your testimony I think it was that you estimated a production of 4 1/4 million tons, was it?

A 4 1/4 approximately, yes.

Q And of course that is not related, as you told us, to capa-

city; that is related to the markets?

A No, that is capacity at present.

Q When you say at present you mean having regard to your working force?

A No, having regard to the mines that are developed.

Q Well, suppose you had more men, or your men were younger and could do more, would you increase that?

A We would have to find a new mine first, and a market.

Q I am always suggesting that there is a market, I am not suggesting that you mine coal for the pleasure of it, but if there is a market you are able to produce more than 4 1/4 million?

A We couldn't at present.

Q I am asking you, if there was a market you could by one expedient or another increase your production?

A Oh, that is different. By one expedient or another we could.

Q Can you tell me approximately how many employees would be required to produce 4 1/4 million and would you mind in your answer indicating to us whether they would be working on a two-shift basis and so on? What employment would that yield?

A That would yield full-time operation the year around on a five-day week basis.

Q That is a two-shift proposition?

A Where the mines are two-shifted it would be two shifts; where they are single it would be single.

Q I thought you were just referring to Dominion Coal when you gave that 4 1/4 million?

A I am.

Q So that we can generalize the Dominion Coal as on a two-shift basis?

A No.

Q I thought you told me yesterday they were?

A I told you some of them were; one mine is not.

Q And you say that the 4 1/4 million production would give full-

time employment on the basis of the shifts into which the operations of these mines are now arranged for how many men?

A About 8,200.

Q That is exclusive, I take it, of office and clerical staff and managerial staff and so on?

A Oh no, that is counting in those people.

Q Counting in everybody?

A Counting in everybody down here too.

Q When you say "everybody down here" I don't know what you mean.

A You see, when I gave you the 10,000 figure that includes Springhill collieries.

BY MR. FRAWLEY: Does this 8,200 include Springhill?

A No. I was asked what employment it would give down here.

BY MR. COHEN: How many?

A 8,200.

BY THE CHAIRMAN: That is Dominion Coal?

A That is Dominion Coal, Cape Breton mines.

BY MR. COHEN: And what was it you were saying about Springhill?

A I said that was not included in it. This is just the Cape Breton collieries.

Q And what was your estimate then of what could be produced by the Springhill collieries?

A Annually?

Q Well, you have given us the other annually. I am sure you would like to be consistent.

A All right. Springhill should be able to produce about 675,000 tons.

Q. And have you estimated approximately what employment that would make available? How many men that would employ?

A. About 1700 men on the payrolls.

Q. Inclusive again of clerical and managerial staff, and everybody in and around so-to-speak of the mines?

A. Yes, including those officials.

Q. Then may we take it that so far as the policy or present plan of the Company is concerned, the maximum production that they look forward to is four and a half million tons as to the Dominion Coal Company, providing employment to a maximum of 8200 people, and 676,000 tons as to Springhill and employing 1700 people?

A. Well we have never really run right up to capacity before.

Q. I said a maximum. That is the maximum?

A. Yes, let us get through to the maximum, and then we can talk about more.

Q. I may have some occasion to talk about it before you get to the maximum. I just want to know what the planning and point of view of the Company is. Their plan is that the maximum will be four and a half million as of Dominion Coal, inclusive of clerical managerial staff, and 676,000 yield as of Springhill. Is that right?

A. Not quite right. You asked how many people were employed at present in the coal mines?

A. I didn't. I asked how many people the 4½ million tons would give employment to?

A. I am afraid we are talking at cross purposes. Put that figure up to 9000 then.

Q. Then the 4½ million tons would yield employment to 9000 people?

A. Yes.

Q. How about the 676,000 of the Springhill operation?

A. That is correct.

Q. What employment would that yield?

A. About 1700.

Q. I am glad you have cleared the matter up. Then so far as the present policy and plan of the Corporation is concerned, it looks forward to a maximum production as to the Dominion Coal of $4\frac{1}{4}$ million tons per annum, which would yield a maximum employment of 9000 inclusive of clerical and managerial staff, and as of Springhill a maximum production of 675 thousand tons yielding employment to 1700 people inclusive of clerical and managerial staff. Is that right?

A. Not absolutely correct.

Q. I am just taking your figures, and when I give them back to you you don't like them.

A. The figures are all right. But you say 'looking forward to'.

Q. Will you give me another term that can be substituted for that, that will indicate what does characterize this $4\frac{1}{4}$ million?

A. That is at present our developed capacity for production. We have not attained that figure.

Q. And you don't look forward to it?

A. We have not attained that figure, and we hope in the future that we will be able to attain it.

Q. Is not that looking forward?

A. Yes, but we are not closing it off at $4\frac{1}{4}$ million tons necessarily.

Q. You mean you may go higher?

A. Yes. But first of all the thing is to use up the capacity of the mines and then look forward from that point. Do I make it clear?

Q. Yes you do. We will break that down. Why did you select the $4\frac{1}{4}$ million?

A. Because that is at present the productive capacity of our mines when fully manned.

Q. The maximum production when fully manned is $4\frac{1}{4}$ million tons?

A. Approximately.

Q. And as to Springhill, 675,000 tons?

A. Yes.

Q. Yielding respectively a maximum employment as to Dominion

Coal of 9000, and as to Springhill of 1700 persons, inclusive of clerical and managerial staff. Is that right?

A. Yes.

Q. And if you have markets to enable you to sell that quantity, that quantity will be mined and that number of people employed?

A. Yes.

Q. And if you find markets that will absorb a larger quantity, then I take it you can go on and develop means of producing more and employing more?

A. We could then go on and consider the matter of what will be done.

Q. Then I take it that so far as any consideration is concerned, the consideration has stopped at the point of the present productive capacity of $4\frac{1}{4}$ million tons as of Dominion, and 675,000 tons as of Springhill?

A. Well when you have not used it up, why go further.

Q. You don't have to argue with me. Is that the position, that so far as any consideration of the matter is concerned you have stopped at $4\frac{1}{4}$ million and 675,000 tons? If you produce to that capacity and sell it, you will then consider increasing production and employment?

A. Perhaps I should say it has been considered.

Q. But no conclusions reached?

A. No. And it will be considered seriously when the time comes.

Q. When will the time come?

A. When we have reached our capacity.

Q. There you go. You see you insist upon declining to accept my acceptance of your phrasing. When you have reached capacity you will consider how to increase it?

A. Yes, seriously.

Q. When you have reached this capacity of $4\frac{1}{4}$ million tons as of Dominion, and 675,000 tons as of Springhill?

A. We will seriously consider increasing it.

Q. Suppose you should seriously consider it and succeed in

bringing your production of Dominion proper (we will leave Springhill out for the moment) say to five million tons, can you tell us how many additional people would be employed in addition to the 9000?

Q. You want the figures at an increase to five millions?

Q. Yes.

A. 1-3/4 million increase?

Q. Your arithmetic is slipping. I suggest 3/4 million increase.

A. I was thinking of six million.

Q. With 3/4 of a million increase how many more people would you employ?

A. That depends on how many tons per man is yielded by the operation.

Q. Let us assist you perhaps, as I see you are doing a lot of arithmetic, and it takes me back to the old school house. What is your point of view first of all as to the general principle. If you increased your production by 3/4 of a million..

BY THE CHAIRMAN - You had better let him answer the question first.

BY MR. COHEN - I was just trying to assist him.

EXM. BY MR. COHEN (continued)

Q. Do you assume that 3/4 of a million would yield employment in the same ratio as the 9000 to 4 1/4 million?

A. It will depend on where you open up for the additional tonnage. I can't be definitely tied down to a figure on that now.

Q. That is fair enough. Now I thank you very much Mr. McCall. I take it that the additional material that was asked for yesterday and that you have not yet had an opportunity to furnish, will be produced in due course?

A. Oh yes, it will come along as we get it ready.

Q. When the time comes?

A. Yes.

BY MR. FRAWLEY - What do you mean by this expression, "the developed capacity"? It is something that you are not able to get out at the moment?

A. No.

Q. How do you arrive at it? That has been bothering me a little.

A. Well we have in the past.

Q. You go back and say you did that in such a year?

A. Yes, we know the capacity of that mine for production.

Q. And you say in your process of reasoning your post-war plans, you are first going to try and get the production of your existing mines up to what you regard as capacity?

A. Yes.

Q. And when they have hit that mark and are rolling along there, and there are still markets to supply, then you will consider the various expedients of increasing production?

A. Oh yes.

Q. One of which would probably be the opening up of new seams?

A. Yes.

Q. And you say that would be the only, or the paramount consideration at any rate for the opening up of new seams?

A. Yes.

Q. And do you subscribe to the proposition that new seams should be opened up in good mining practice to level rising costs?

A. Well it is very nice when you can do it, to open up new seams, but do you mean to abandon the high level mines?

Q. No. But I understand it is good coal mining practice to open up new seams to level costs. To keep on with the operation rising in cost, but to open up new seams to get sufficient costs which will be obviously lower, and in that way level your cost?

BY THE CHAIRMAN - That would be from the economic standpoint.

BY MR. MCCALL - That necessarily involves increasing your annual output.

MR. FRAWLEY - Yes.

BY MR. MCCALL - And you have to have a market to take that. But if you open up a new colliery when your other mines are not running to capacity, you will give them idle time and increase the cost of production further in those mines.

BY MR. FRAWLEY - Certainly, if your market is shrinking and not expanding. Suppose there were no more subventions extended to Nova Scotia coal and you had to shrink your whole operation to supply that part of Canada on the Nova Scotia side of Mr. Kelley's barrier. Would you not even then want to open up new seams to level those costs?

A. Yes, but where can we dispose of the coal? You have restricted your market.

MR. FRAWLEY - Yes.

MR. MCCALL - And still have your operating costs?

MR. FRAWLEY - Yes.

MR. MCCALL - And if you wanted to open up new seams you would have to close some of the others.

EXM. BY MR. FRAWLEY (continued)

Q. You would not think then that you would open up new seams?

A. Yes.

Q. And you would continue the submarine operation with the costs rising?

A. I think the Province would have a good deal to say if we wanted to abandon the submarine mines.

Q. I don't mean abandon it. I am troubled with going on and on under the sea with the rising costs. Those costs are bound to rise as you go further out, are they not?

A. We have been successful up to 1939 and 1940 in keeping down those increases in cost by the improvements we have been making in the mines, to a considerable extent. We are describing to you a reallocation, and a consolidation of operations in No. 12, putting in improved mechanism, and putting in electricity. All of this has helped combat the rising costs.

Q. I have not seen the charts of the whole operation, but I presume there has been a constant rising in these costs. Notwithstanding your consolidation of workings and your use of electrical power, there has been a rising in cost?

A. Yes, but that has been off-set to a considerable extent by the expenditures we have made in the mines to keep down these costs in the way of reallocation.

Q. In other words they have been checked?

A. Yes.

Q. But notwithstanding your best efforts the graph would show a constant rise in the cost?

A. Up to 1939 it was a very gentle rise.

Q. And since then?

A. Well of course things have got out in the air a bit.

Q. And you have lost a good deal of your working force?

A. Yes.

Q. But I cannot see why you are turning your back on the suggestion that it is good coal mining practice to open up new seams, and not abandon your operation, but to try and level your costs by getting new costs against the old costs that are rising?

A. If you can get markets.

BY THE CHAIRMAN - Does it not depend on the fields to a certain extent?

A. Yes. We gave that statement yesterday. That would be a consideration. But that would be taken into consideration in the opening of new mines.

Q. Now I don't think I can add a great deal. We have heard so much about labor questions. Have you got what I might call an Industrial Relations Officer?

A. Yes.

Q. Who is he?

A. Mr. Holley.

Q. What was his background? How long has he been with your Company? Has he been with your Company very long?

A. No, a little over a year with us.

Q. He is professionally a Labor Relations Officer, is he?

A. Yes.

Q. What does he do day in and day out?

A. I would say he is establishing his organization.

Q. Does he meet the men very often? First of all the men themselves, does he mix around with them?

BY THE CHAIRMAN - Don't you think Mr. Holley would be the best man to get that information from, if you need it?

BY MR. FRAWLEY to Mr. McCall

Q. Let me put it this way. Do you know yourself very much of what Mr. Holley does?

A. I have a pretty fair idea of what he does.

Q. As General Manager, Mr. Holley would more or less report to you as far as the Company is concerned?

A. No, he consults with me.

Q. I take it he is given rather a free hand?

A. He is still I think in the throes of establishing his organization. Remember a stranger coming into a big organization like this, it takes a little time to get your feet.

Q. Then if the labor relations are bad around here, if they are I say, we cannot blame that on Mr. Holley, can we?

A. No.

Q. One more thing. You told my friend Mr. Cohen that you had heard that the District 18 miners had been awarded or given two weeks vacation with pay?

A. Yes.

Q. Well now Mr. McCall, you surely knew about that, didn't you? Completely, all about it, did you not?

A. No, I didn't know all about it.

Q. Do you mean that you didn't receive, or are not fully aware of what goes on in District 18 in reference to wage scales, and their increases, and obligations to the Labor Board?

A. My hands are pretty full.

Q. You say you didn't know the details of that particular matter?

A. I may have heard them but I can't recollect them, so I can't say I know them.

Q. If I had gone over to your office shortly after that transaction was completed out there, and it had been my business to find out, could I not have found out all about the situation, a copy of the Order, and what it said, and who appeared?

A. I believe you might have a little time afterwards, but I can't recollect it and I can't say I know about it. I may have the material on file there.

BY COMMISSIONER MORRISON - I would suggest you read it because it is good reading.

EXM. BY MR. FRAWLEY (continued)

Q. But I would imagine a person could go into your office and be told, by and large, a lot about the relations between the men and the Company in District 18?

A. I don't know about the relations. Anything published I could tell you.

BY COMMISSIONER MORRISON

Q. Q. While you were answering Mr. Frawley it ran through my mind that I saw some press report, possibly in 1939 or the beginning of the War, of some investigation that was made in Nova Scotia about Industrial Relations, for the Company, or the Government, I don't remember, but it was the firm with which Mr. Bryce Stewart, the former Minister of Labor, was connected with. It was in connection with Industrial Relations.

A. The Industrial Councillors made a report.

Q. They finished, did they? In what year was that?

A. 1941 I think.

Q. Was that for the Company?

A. Yes, a confidential report for the Company.

Q. Perhaps you are not the one to ask, but would the Company have any objection to filing that report with the Commission?

BY MR. FRAWLEY - Mr. Kelley says he will let me have a copy

EXM. BY MR. FRAWLEY (continued)

Q. That was a survey made for the Company?

A. Yes.

Q. And to the Company?

A. Yes.

Q. One more question. You said there were 31 items now the subject of check-off?

A. Yes.

Q. And of that 31 how many were for deductions of monies owing to the Company in one way or another?

A. I didn't divide that up, but I will give you a division of it.

REV. DR. O'BOYLE - A matter has come up in this Brief which I am very much afraid from the discussion may be overlooked, and I would like to put a question to Mr. McCall purely for the purpose of bringing it to the attention of the Commission. Mr. McCall, in one part of your Brief of yesterday you referred to the efforts you had made towards safety men, to teach first aid men, etc. I come to the question of accidents and fatalities in our Cape Breton mines. I am representing, as you know, the Municipalities, the Civic Governments and Municipalities of Cape Breton County, and this is a matter which bears very heavily upon us.

In the first place there is the humanitarian aspect, none of us like to see men killed or injured, and then there is the economic aspect. We are very often left with the care of these people, not directly perhaps, but very often indirectly. Sometimes people are injured through their own fault, and therefore receive no compensation or help, except perhaps from a Relief Organization.

This is a matter directly concerned with the production of coal, and the death of a miner is a great loss to the community and to the Company.

I came across in the Mines Report for 1940 some astounding figures. The Department set down in one column the

number of men injured per million tons produced in Nova Scotia, and in an adjoining column..

BY THE CHAIRMAN - I understood when you arose that you were going to ask Mr. McCall some questions.

A. A question.

Q. You are getting on the minutes now some evidence that so far as the Commission is concerned will be put in in another way.

BY FATHER O'BOYLE - Well I will put my question in this manner. In the figures put by the Department of Mines of Nova Scotia there is shown the fact that from 1908 to 1940 I believe, yes 1940, that the number of fatal accidents in the mines, and presumably the non-fatal accidents. In the United States for the first five years they were on one level, next five dropped one, next 5 another one, and so on. But here they remained on a constant level. Is there any explanation of that. The drop from the loss of life in the states from 5 point something in 1908 to 2 point something, while we in Nova Scotia remain on the same level. I think that is germane to the case.

BY MR. McCALL - I would need to give that matter a little thought Father O'Boyle, and I would be pleased to answer that a little later on.

BY FATHER O'BOYLE - That suits me to perfection, but I wanted to put that before the Commission, and I thought this was the logical place for it to come in.

BY MR. McNEIL - He spoke of the fatalities through negligence of the workmen, and they therefore are not eligible for compensation. That is not so; they are.

BY DOUGLAS McDONALD - May I say that Dr. O'Boyle is quite right.

BY THE CHAIRMAN - Mr. McNeil, we are not taking anything that Dr. O'Boyle said. He set out certain circumstances as being correct, and he formulated a question to Mr. McCall on those circumstances and asked him why the difference. Meaning, perhaps, I suppose, that there might be some fault

in the safety device, or something like that. Other than that, Dr. O'Boyle's statement is not taken as evidence.

H. C. M. GORDON tenders submission re Old Sydney Collieries.

EXM. OF MR. GORDON BY MR. FRAWLEY

Q. Mr. Gordon, you are the President and General Manager of a Coal Mining Company called the Old Sydney Collieries Ltd.

A. I am.

Q. And the head office of that Company is where?

A. In Trenton.

Q. Nova Scotia?

A. Yes.

Q. And the Company is a subsidiary of what particular company?

A. Of the ^{Nova} Scotia Steel & Coal Company.

Q. And the Nova Scotia Steel & Coal Company is in turn a subsidiary of the Dominion Steel & Coal Corporation?

A. Right.

Q. And you have come to present a Brief, the number of pages of which are very few, but for my part I hope you will be able to give the Commission a great deal of information on it.

BY THE CHAIRMAN - Are you putting Acadia in today?

A. Not today Sir.

BY MR. FRAWLEY - You will be taking Acadia up later?

A. In New Glasgow, Sir.

EXHIBIT 26 - SUBMISSION OF OLD SYDNEY COLLIERIES LTD.

MR. GORDON then read Exhibit 26, as follows:

TO THE CHAIRMAN AND MEMBERS OF THE
ROYAL COMMISSION ON THE COAL INDUSTRY IN CANADA.

The Old Sydney Collieries, Limited, operates two collieries on the North side of Sydney Harbor, both of which work in the Sydney main seam. This seam is a high grade bituminous coal and, in general, is 4-1/2 to 5 feet in thickness. Both these mines have been in existence for many years, Princess Colliery having commenced operations in 1876 while Florence Colliery was opened in 1902. Both

collieries are quite close to the sea-coast and, since the seam on which they work is dipping seawards at an angle of five degrees, there is no means available for shortening the haulage distances as the work progresses to the dip. The main haulage road in Princess colliery is now 2-3/4 miles long while that in Florence is approximately of the same length. Subsidiary haulages to the main one in Princess Colliery are in some cases 2 miles long. These distances mentioned will give some conception of the work involved in bringing coal from the faces to the surface and of maintaining roads of such length for haulage, travelling and ventilating purposes.

Princess Colliery is advancing seawards on a frontage of some 2-3/4 miles and will continue to advance seawards until the economic limit of work has been reached. Florence Colliery, because of a thinning of the seam from North side encroaching on its frontage, will eventually reach the Princess intercolliery barrier and either that factor or a more rapid encroachment of the thin coal from the north will limit the life of that colliery.

In the earlier workings of these mines the coal was won by the pillar and room method. This system of operations was continued in Princess Colliery until physical conditions became so severe that it was impossible to recover the pillar coal. When these conditions were encountered longwall operations were started and for the past twenty years that system of work has been carried on in the mine and, shortly after its inception in Princess Colliery, longwall was started at Florence.

Development of mechanical loading equipment, in recent years, has made possible a much more rapid extraction of coal from the working faces than is possible with hand loading methods. Such equipment is used in the room and pillar system of work. Where it can be successfully utilized the cost of production is sharply decreased, because much of the maintenance and construction work inherent in the longwall system is avoided. For the successful operation

of such equipment a reasonably good roof and a reasonably strong pavement are necessary. It is just possible that the rather tender roof and the soft pavement which made impossible the extraction of pillars in these mines with a hand loading system and forced the adoption of the longwall method of work may be strong enough to permit the use of mechanical loading equipment because of the greater speed with which it allows places to be driven and the pillars extracted. It is the Company's intention to do some experimental work with mechanical loading equipment in the near future to determine whether or not it can be successfully used under the rather severe physical conditions that exist in these mines. If these experiments prove that the equipment can be successfully used, it is the Company's intention to mechanize the loading of coal in the mines it operates.

Both mines are classed as gassy and therefore it is necessary to sweep the working faces with large quantities of air in order to dilute the gasses emitted from the seam and the neighboring strata. In Princess Colliery fifty thousand cubic feet of air per minute is drawn through the mine against a resistance of seven inches of water gauge. The airways are long and the circuit over which the ventilating current has to travel from the intake to the upcast shaft is 10 miles, 4-1/2 miles of which are maintained for ventilation purposes only. Airways in Florence Colliery are of about the same length.

In post-war years when conditions again become normal and a sufficient labor supply is available to keep the collieries fully manned, these mines will have a tonnage capacity of 3,600 short tons per day and, on the basis of 250 days worked annually, the mines can produce 900,000 short tons of coal per year. It is essential to the well-being of the communities which these mines support that that tonnage should be produced and it is necessary that markets for this

output of coal should be obtained.

The submission of the Dominion Steel and Coal Corporation on sales and markets has dealt in detail with the disposal of this coal in past years and with the markets in which it may well be disposed of in the years that lie ahead.

The shortage of coal which has existed during the present war, as well as during the war of 1914-1918, has demonstrated that coal mining in Canada is of National importance and must be considered from that viewpoint. Therefore, where, because of competition from more cheaply produced imported coals, it is necessary to provide assistance either by transportation subventions or by other means to enable this tonnage of coal from these mines to be economically marketed, then such assistance should be provided - not only in the interests of the communities immediately concerned, but from a National standpoint, as an insurance that the shortages which have been experienced will not recur.

In addition to the areas worked by its existing mines, the Old Sydney Collieries, Limited, and its parent Company, the Nova Scotia Steel & Coal Company, Limited, hold certain reserve areas under lease for future operations when the workings of the present collieries are exhausted. Should the demand for coal be such as to warrant outputs greater than the capacity of its existing mines, the Old Sydney Collieries is prepared, when a sufficient working force is available, to open up a new mine in its reserve areas to provide the additional tonnage the market may demand from the district. Before such a step can be considered, however, a reasonably steady market must be available for such additional tonnage, for it is the desire of the old Sydney Collieries to keep its presently producing mines working as steadily as possible in the post-war years.

(sgd) H. C. M. Gordon,

President and General Manager.

EXD. BY MR. FRAWLEY

Q. Mr. Gordon, you have leases from the Scotia Company that are not being operated?

A. The sub-leases of the Old Sydney Collieries are being operated.

Q. So that the only leases you have at the moment are being operated?

A. Yes.

Q. They are just the leases that cover the Princess and Florence operations?

A. Yes.

Q. But what you say is that other leases could be arranged if desired, I presume?

A. Yes.

Q. And they can be leased out of the large leaseholds of the Scotia Company shown in green on the Lease Map Exhibit No. 24?

A. Yes.

Q. The Nova Scotia Government apparently just leased you coal areas under the sea without any regard to where the shore-line ends, I take it?

A. Yes, they have leased areas to some considerable distance from the shore-line.

Q. That Map shows that in the case of the Scotia Company the leases already issued extend how far out from the shore-line, roughly?

A. Nearly seven miles in some places.

Q. And in the case of the Dominion Company the same Exhibit shows they have actually executed leases how far out from the shore line?

A. Almost 9 miles from the shore.

Q. Dealing with what you can do by way of opening up new seams, would they be submarine mines?

A. Eventually. All the coal dips to the sea, so any mine that is operated will go submarine if the coal exists.

Q. Are you sufficiently acquainted with the possibilities of

the Scotia area to undertake to say whether you can get any great tonnage of land coal?

A. No there is no great tonnage of land coal on any of those areas.

Q. And what are the considerations which would decide your Company to open up new mines?

A. A steady market for the quality of coal that can be produced from those seams, after, or I should say about the tonnage that our mines can supply and work full time.

Q. The only consideration then you have mentioned is the supplying of markets?

A. There is of course in addition to that the question of finances. To open up a mine such as would have to be opened up, would require a good deal of money.

Q. Is the Old Sydney Company in a position to open up a mine, all other considerations being equal, and the opening up of a new mine being desirable, from a financial standpoint, is the Old Sydney Company in a position to do that?

A. At the moment perhaps not.

Q. That is only due to the fact that your costs are too high and your profits have not built up a sufficient reserve for opening up a new mine?

A. Yes.

Q. Your costs are on the rise, are they?

A. Yes, they have risen during the last few years.

Q. Prior to the War period were they on the rise?

A. Over a period of years, yes. You must understand that the cost varies a good deal with the tonnage produced.

Q. Is it so that in this area the rise in the costs of the amount of tonnage, that the costs rise when production is increased? Do the costs rise generally as production is increased?

A. No, the contrary is true as a rule.

Q. It is true pretty well up to a point in ordinary industry?

A. Yes.

Q. And is it true in coal mining?

A. It is just the same in coal mining. As a matter of common practice if your production is increased your costs drop with increased production.

Q. In submarine mining could that be said to be so?

A. Under normal circumstances, yes.

Q. To a lesser degree I take it than in land mining?

A. Perhaps to a slightly lesser degree.

BY THE CHAIRMAN - You went there as General Manager in what year Mr. Gordon?

A. In 1942.

EXM. BY MR. FRAWLEY (continued)

Q. Is it commonly accepted coal mining practice to open up new seams or work new seams for the purpose of levelling rising costs?

A. It is a common practice, but other features enter into the opening of new seams. You must think of your market. If you open up a new mine and your market is not increased, then you must shut down an old one.

Q. You must transfer your operations?

A. Yes.

Q. Give us the mine where the costs are rising and work the mine where the costs are fresh and therefore less?

A. That is right.

Q. I presume that the opening up of a new seam as a way of averaging costs is about the last thing a Company does? As Mr. McColl has told us, they would do everything else I presume to combat the rising cost?

A. That is right. It is common mining practice.

Q. By consolidating operations and the things Mr. McColl told us about?

A. That is right.

Q. When you have done that to the fullest extent possible you have to consider getting coal from fresh deposits That is true is it not?

. Yes.

A. Yes.

Q. Now Sir, the Old Sydney Collieries have, as it were, the first call on all of the areas of the Scotia Company?

A. Oh yes.

Q. The Scotia Company has no other operating subsidiary?

A. No coal mines in this district, no.

Q. And they do lease to independent operators from time to time?

A. They do.

Q. But certainly they would consult the interests of their wholly owned subsidiary, the Old Sydney Collieries?

A. Yes, before they would lease to anyone else.

Q. Are you an Officer of the Scotia Company?

A. No.

Q. Or a Director?

A. No.

Q. You have no hope to be an officer or a Director of the Scotia Company? Have you?

A. No particular desire to be one.

Q. Without being at all facetious, what is this Scotia Company doing in this area except holding some leases and leasing them out to wholly owned subsidiaries? What is the purpose of the continuance of existence of the Scotia Steel & Coal?

A. Nova Scotis Steel & Coal has a certain bond issue, and it is acting as a controlling company for all its subsidiaries.

Q. It is a well-known holding company, is it not?

A. Yes.

Q. It used to be an operating company?

A. It was until a few years ago.

Q. At the time it was incorporated it operated coal mines and steel plants and so on?

A. Yes.

Q. Speaking of this area, it operates no steel plants?

A. No.

Q. Or coal mines?

A. No.

Q. It has some outstanding securities?

A. It has, yes.

Q. Perhaps we could discuss that at another time and place. It is something we will have to talk about. I am tempted to call your attention to the word "shortages" at the bottom of page 3 of your brief, when you say that consideration should be given to this matter from a National standpoint, as an insurance that the shortages which have been experienced will not recut. There is inherent and implied in that suggestion that Canada must endeavor to mine its own requirements in the matter of coal.

A. It must endeavor to mine and keep in existence at least the possible tonnages that this field and the other fields in Eastern Canada can produce.

Q. Up to the economic limit?

A. Yes.

BY COMMISSIONER MORRISON - Why confine it to Eastern Canada?

A. I am only interested in Eastern Canada, Sir.

Q. But after all you are a Canadian and can see further than the Strait of Canso?

A. I imagine Western Canada can look after itself very well.

EXM. BY MR. FRAWLEY (continued)

Q. What I am thinking of is oil. Canada produced just 15% of its oil, but we have been getting on very well with the oil which our good friends the Americans are good enough to send us over here, if we pay for it. What do you think about that? Is it a comparable situation?

BY THE CHAIRMAN - You are not suggesting that the Canadian Coal Fields with the fullest possible economic development is capable of supplying the coal necessities of Canada?

BY MR. FRAWLEY - No, I am accepting that as a premise that we cannot hope to meet all of our requirements.

EXM. BY MR. FRAWLEY (continued)

Q. But I am interested in the word "shortages", whether it is something we are to be alarmed about, particularly when we know the shortage will be supplied by our friends the Americans?

A. Yes, but if you are depending on that and not doing everything you can to minimize it, then you are asking someone outside of the border to do something for you.

Q. I agree with you, and it may come to a point when it will cost too much money to minimize.

A. That is what is called a balance.

Q. Somewhere you reach the economic limit?

A. Yes.

Q. You are not going to discuss the Trenton operations here today?

A. That will be taken up in New Glasgow, where the work is done.

Q. You say you intend to experiment with some further longwall operation?

A. Yes.

Q. Your room and pillar operation is fairly well mechanized now?

A. In the longwall, we have no room and pillar.

Q. You have none?

A. We were driven to Longwall 20 years ago.

Q. In the days you were doing room and pillar you were not fully mechanized?

A. Not at all.

Q. And you are considering doing some mechanical work now?

A. Yes.

Q. Chiefly the loading?

A. Fast cutting and fast loading, so that the speed of the work will be increased to the point that we will not have any great disturbance with either the roof or pavement. If we can get that speed in our operations then it may be possible to employ a mechanized method of work.

BY THE CHAIRMAN - Would you have the same difficulty in obtaining suitable loaders on account of the dips and rises as they have had in other mines on this side?

A. Oh yes. There are only certain loaders that can be used.

Q. And I think I got the impression that at the present time there is an investigation going on, but at the present time

there has not been developed a loader suitable for certain places in your mines?

A. That is correct; that is in longwall operation.

EXM. BY MR. FRAWLEY (continued)

Q. There is a Consulting Engineer here now from Chicago looking over the mechanization of the Dominion Mines. Will he do some work for you too?

A. He will.

Q. Is the question of labor involved in mechanization a live question any more?

A. Yes, that has all to be taken into consideration.

Q. Has the work you have done, and any estimates you have made, and plans you have drawn, enabled you to tell how much displacement there might be in your collieries?

A. No, for the simple reason that other work would be undertaken to take care of a large proportion of the displaced men.

Q. What does that mean?

A. Certain construction work that must be done.

Q. Not necessarily related to this increased mechanization?

A. No.

Q. Other construction?

A. Yes.

Q. And you are not speaking of the new mine we were speaking about?

A. No.

Q. Apart from that?

A. Yes, in the existing mines.

Q. For maintenance or development?

A. Partially both.

Q. But you don't see any large lay-off immediately?

A. There will be some but not a large one; that will be minimized as much as possible. You must understand of course Mr. Frawley that only if we can get equipment that is suitable for the job.

Q. You may find that you cannot mechanize the loading?

A. That is right. We may find that conditions are too severe.

Q. I understand Mr. Weir's job is almost to design a machine for you, or to consider the adaptability of building something specially suited for your operation?

A. Well the whole thing is this, that when you get into physical conditions of roof and pavement such that they won't stand for any great length of time, for a sufficient length of time to get the coal loaded up, then you cannot mechanize the loading at all.

Q. In other words you would have to go on with the constant blocking, etc.?

A. We would have to go on with Longwall operations.

Q. As you know it now?

A. We might be able to develop a machine to load the coal on the face of our longwall.

Q. The operation would remain essentially the same as it is now?

A. Yes.

Q. But you would simply substitute for the mechanical loading for the hand loading?

✓ A. Yes.

Q. On the longwall face?

A. When such a thing has been developed.

Q. There is no machine now for your particular roof and pavement condition?

A. That is right.

Q. And you have to try and find something that will permit mechanization under those particular conditions?

A. Right.

Q. And the idea would be to help reduce your cost?

A. That is the reason for it.

12:15 P.M. HEARING ADJOURNED UNTIL 2:00 P.M.

TUESDAY, JANUARY 23rd, 1945 - 2:00 P.M.

Q. Mr. Gordon, I just have one more short matter to develop
EXH. OF H.M.C. GORDON by MR. FRAWLEY (continued)

with you. You said that the mechanization would, it was hoped, achieve a reduction in cost of production?

A. That is correct.

Q. And you said the displacement of labor would not be serious because you had an idea that most of the labor that would be immediately displaced would be used profitably in the mine otherwise?

A. For some time to come, yes.

Q. During that immediate period how can there be much reduction in the cost of production, because if you keep these men on the payroll would you not defeat your purpose to some extent?

A. Well you must understand that you cannot completely mechanize a colliery instantaneously; the mechanisation would continue for some very considerable time.

Q. Then the situation is that immediately there would not be much reduction in cost because you would find work in other places in the mine for the men displaced immediately by the mechanization?

A. To a very considerable extent.

Q. There would be some displacement immediately?

A. I should say so.

Q. It would be small?

A. Yes.

Q. And you would hope that there would be an over-all gain in the cost of production?

A. Yes.

Q. But for a period that would be, as I follow you, imperceptible?

A. It would be a gradual growing improvement.

Q. Because the reduction from the standpoint of labor would not take place except gradually and over a period, and it would be some time after the installation of the mechanization

that that benefit would be completely felt?

A. Yes. You must not forget that one of the first things would be to train our men in handling the new equipment, then arrange for development of the new equipment, because the development of places for the equipment would be entirely different.

Q. That is where the men would come in?

A. To some extent, and elsewhere throughout the collieries as well.

BY THE CHAIRMAN - How long after you get the equipment in would your production show an increase?

A. In production, or in cost?

Q. I mean in production per man?

A. It would start to appear very shortly after the first installation.

Q. And that would help to lower your costs of course?

A. Yes.

BY COMMISSIONER MORRISON

Q. You operate on the retreating system?

A. No, entirely on the advance system. The difficulties we experience with pillar and room work would increase if we attempted a retreating system. In other words our places will not stand in the solid, our narrow work.

Q. Does it take weight readily?

A. Quite readily. There is a very tender roof extending up about 4 ft. and a very soft bottom as well.

Q. You said something to Mr. Frawley that a lot of these men that would be displaced by mechanization would be taken to improve plan and equipment?

A. To improve our main arteries. There is a good deal of work still to be done in the upper reaches of the mine that we have not been able to do so far, some permanent construction work.

Q. Have you a ventilation problem?

A. Yes, but not as severe as in LB, but still it is severe,

and that is one of the things that we will have to clear up, because it is getting more and more difficult as we go seawards, and we find too in pillar and room work our ventilation difficulties might be increased because now the ventilation has a clean sweep as it moves along.

BY MR. COHEN - I wonder if it would be putting Mr. Gordon to too much inconvenience if I could reverse the order and defer my examination until tomorrow morning. The document that he put in was just put in my hands as he was going into the box.

BY THE CHAIRMAN - Did Mr. Cohen speak to you about that Mr. Frawley?

BY MR. FRAWLEY - I personally am always anxious to meet counsel's convenience, and if Mr. Cohen is taken at some surprise through not having an opportunity to read this document, I have no objection if we can follow on without taking up too much time.

BY COMMISSIONER MORRISON - Provided he does not make the request too often.

BY THE CHAIRMAN - Is it any inconvenience to you Mr. Gordon?

BY MR. GORDON - No inconvenience at all.

MR. JOHNSON CHEW then presents a submission on behalf of the Associated Boards of Trade of Cape Breton Island.

EXHIBIT NO. 27 - Brief presented by the
Associated Boards of Trade of
Cape Breton Island.

EXM. OF MR. CHEW BY MR. FRAWLEY

Q. You are a member of the Bar Society of Nova Scotia?

A. That is right.

Q. And you are solicitor in this matter for the Associated Boards of Trade of Cape Breton Island, in this case at least?

A. I am the Chairman of their Committee.

Q. A special Committee to make a submission to this Commission?

A. That is right.

Q. And that is why you are here today?

A. Yes.

BY MR. CHEW - Mr. Chairman and Gentlemen: As this is the first opportunity, while somewhat belatedly, the Members of the Associated Boards of Trade of Cape Breton Island would like to associate themselves with the Dominion Coal Company, and the United Mine Workers, and the other organizations, in welcoming you to Cape Breton Island.

It was with a great deal of gratification that we learned that the Government had decided to set up this Commission. We were particularly appreciative when we learned of the personnel of this Commission. It has been quite evident from the inquiry that has been going on here for the last few days that it will be a most exhaustive one, and when your deliberations are finally finished and your findings made, we are quite satisfied that it will be conducive to a great deal of good.

I should point out that the members of the Board of Trade are business and professional men, not coal operators, and for that reason we have considered it advisable to avoid the technological aspects of the industry, and to confine ourselves to those things we might feel would be of assistance in providing a solvent for the industry,

MR. CHEW then read Exhibit No. 27, as follows:

The Associated Boards of Trade of Cape Breton Island, and its constituent Boards, the Sydney Board of Trade, the Glace Board of Trade, the New Waterford Board of Trade, the Louisburg Board of Trade, the North Sydney Board of Trade, the Sydney Mines Board of Trade, and the Baddeck Board of Trade, welcome the opportunity to make a submission, with particular reference to the coal industry on Cape Breton Island, on behalf of their members, who represent a cross-section of the entire business and professional life of Cape Breton Island, to the Royal Commission appointed to inquire into and report

upon the problems of, and matters pertaining to the coal industry in Canada.

1. INTRODUCTION

(a) Depressed Condition of Coal Industry.

For many years prior to the outbreak of war in 1939, with the exception of a very few years, the coal mines on the mainland of Nova Scotia, and on Cape Breton Island, have been in a very depressed condition. During these years, the coal miners, under the existing mining conditions, were compelled to depend upon about six months steady operations to provide them with the necessities of life during the remainder of the year. On more than one occasion they were faced with bitter, disheartening and distressing prospects of suffering, privation and want.

(b) Causes of Depression.

The causes of these depressed conditions in the Nova Scotia coal fields are very well known, as are the difficulties and disabilities which surround the production, marketing and distribution of Nova Scotia mined coal. Because of the relatively high cost of production of Nova Scotia mined coal, the geographical position of the Nova Scotia coal mines and their very great distance from the available markets, the competition which coal produced in Nova Scotia has had to contend with from importations of foreign coal, and, as a result of the discovery and development of new oil fields, the relatively small import tariffs on oil, the development of Hydro-Power through governmental subsidization, the extension of natural gas pipe lines, and other important factors, the coal industry of the Province of Nova Scotia has been placed in a most precarious position.

(c) Importance of Coal Industry

The importance of coal to the province of Nova Scotia and to the Dominion of Canada cannot be too strongly stressed. It may well be said that coal is the Blood Stream of the Province of Nova Scotia and is a necessity to the

existence of Canada as a nation. Apart from small reserves in the Province of New Brunswick, Nova Scotia is the only source of coking bituminous coal in Canada, east of Alberta. The development of the coal industry has built, established and increased more centres of population than has any other industry. It is only in the towns and cities where there has been a development of coal mining and steel manufacture that there has been any increase in population. This increase has saved the Province of Nova Scotia from a decrease in population. Substantial communities, with strong municipal governments, have been established which have contributed to the economic and political life of Nova Scotia in a very large measure and have played their part in the life of Canada as a whole. Vast revenues, governmental and otherwise, have accrued from the coal industry. The community consuming capacity of the coal-mining communities has resulted in a large amount of consumer goods being purchased by these communities from Upper Canada.

(d) Efforts to obtain Governmental Assistance.

Because of the many difficulties besetting the industry, it has long since become patent that it could not survive without governmental assistance. Realizing the importance of the industry to the Province of Nova Scotia and to the Dominion of Canada, in every movement to obtain this assistance, the Boards of Trade have actively joined with other bodies. In 1924, a large delegation of citizens, under the leadership of the Premier of Nova Scotia, met with the Federal Cabinet, and, out of that conference, came the policy of coal subventions which has saved the coal industry from ruin. Subsequently, representations were made to the Duncan Commission on Maritime Claims, and then, up until January 1939, by successive delegations representative of the Government of the Province of Nova Scotia, of the coal operators, of their employees, and of the citizens generally, to the

Government of the Dominion of Canada. As a result, more and more assistance was given to the industry.

Immediately prior to the outbreak of war, as a result of this assistance, more Nova Scotia mined coal was sold in the Province of Quebec and Ontario than ever before, but even these additional markets were not sufficient to guarantee steady operations.

(e) Situation as a Result of Outbreak of War

Then came the outbreak of war, and with it the abnormal demand for the use of coal in the manufacture of the sinews of war. Production of Nova Scotia mined coal was unable to keep pace with the substantially increased demand. It became necessary to import more and more coal from the United States, which has now, we understand, almost completely displaced Nova Scotia mined coal in the markets of Quebec and Ontario.

During these war years, because of these demands, and because of lowered coal production in Nova Scotia, Nova Scotia mined coal has been relegated to the markets of the Maritime Provinces where it normally controlled approximately eighty-five percent of all the coal consumed.

(f) Post War Situation

With the restoration of Peace and a return to a peace-time basis of operations, with the markets of Quebec and Ontario lost and the long arduous road of endeavouring to regain them ahead, with the resumption of the importations of foreign coal into our local markets, citizens of the Province are looking towards the future with grim foreboding. It is not difficult to recall the lean years of privation and want which have been experienced in the past - a recurrence of them is to be avoided. It can only be avoided if the coal industry is given the assistance by way of subsidies, subventions and tariffs necessary to enable it to displace foreign mined coal in the markets of Canada and to ensure markets sufficient to guarantee steady all the year round operations.

2. NECESSITY OF GEOLOGICAL SURVEYS AND DEVELOPMENT WORK.

The situation has been rendered much more difficult and precarious by the fact that thousands of our young men, many of whom were never able to secure a single day's employment prior to their enlistment, and many others who laid down their mining tools to take up arms for their King and Country will, in the not too far distant future, be returning home from the Armed Services. A duty is owed to all of them - a duty which must be performed to place them in gainful occupations. The majority of them will have to be placed at occupations in the coal mines of Nova Scotia. This can only be done, to any degree, if extensive development work is undertaken in existing collieries or new collieries opened.

We recommend, therefore, that prospecting to determine the possible existence of concealed coal fields should be given every encouragement and full and complete geological surveys be made by competent engineers appointed by the government to determine the feasibility of opening new mines. In the Cape Breton coal fields, we would particularly suggest the necessity of exploring the feasibility and the possibilities of reopening mines in the Donkin, Port Morien and Broughton areas, where mines are no longer operating, and in the Passchendaele area, within the Town of Glace Bay, where the future operations of the existing colliery would appear to be in doubt, as well as the feasibility and probability of opening new mines in the New Waterford and Sydney Mines areas.

3. COST OF PRODUCTION

It is not our purpose in this memorandum to deal with the cost of production of coal at the mine mouth. We realize that many factors contribute to bring about the high cost of production of Nova Scotia mined coal which is a very serious deterrent to its ready marketability and sale. We would respectfully suggest, however, every effort should be made to bring management and labour closer together and have them endeavor

to work out some method, commensurate with the payment of wages sufficient to ensure an adequate and comfortable means of livelihood, and proper social standards, either by mechanization or other method, as may be mutually agreed, to bring about a substantial increase in the per ton per man production and a consequent reduction in the cost of coal landed at the mine mouth.

Apart from the cost of production, the transportation factor is one of the most important, if not the most critical, retarding the distribution and marketing of Nova Scotia mined coal. Coal Mining on Cape Breton Island is largely a seasonal operation. In peace-time, during the shipping season, so-called, - between April 20th and November 20th in each year - when practically all coal produced is waterborne to the St. Lawrence markets, the same difficulties do not present themselves as do during the winter months. During the Winter months, in the years preceding the outbreak of war, in order to ensure even part-time operations, it was necessary to bank considerable coal which, because of the increased handling, resulted in increased cost as well as deterioration. To ensure all the year round operations, it is essential that coal produced during the winter months must be transported by rail. According to available figures, the maximum amount of coal transported by rail in any one year preceding the outbreak of war was less than one-tenth of the possible production of coal. Because of our geographical position and the distance from our natural markets, the exceedingly poor transportation facilities available to handle the amount of coal which could and would be produced, and the cost of transportation has been a serious detriment to the ready sale of our coal in the natural markets.

We are of the opinion that improvement in the method of transportation and a marked reduction in the cost of transportation could be brought about by -

1. Strait of Canso Crossing.
2. Levelling the grades and straightening the curves on the railway system between Sydney, Cape Breton, Nova Scotia, and Moncton, New Brunswick - a distance of 342 miles, to bring about approximately the same gradient and the same curvature as existing on the transcontinental railway from Moncton, New Brunswick, west.

While these two proposals are so interlocked that they are actually one, they may be considered and even executed separately.

(a) STRAIT OF CANSO CROSSING

Cape Breton Island has a population of approximately 150,000, with one of the largest coal industries, and might we add, one of the largest steel industries, in the Dominion of Canada. The Coal Industry employs about 11,000 miners, and the Steel Industry about 4,000 steel workers, on whom depend for their livelihood between 80,000 and 100,000 people.

This Island is separated from the Mainland of Nova Scotia by the Strait of Canso, approximately sixteen miles in length and from one-half mile at the narrowest point to approximately one and one-half miles at the widest point, and runs in depth from one hundred feet to one hundred fifty feet.

The coal produced in our mines - in fact, all our freight and passengers, carried in and out of this Island over the Canadian National Railway are ferried across on a Ferry steamer twenty-nine years old, and, to substitute, if anything happens to that ferry, the only thing available in Canada is another obsolete ferry, forty-four years old which had been previously in the service. These facts should not need any persuasion or argument to prove the immediate urgency of providing modern facilities for handling our traffic between Cape Breton Island and the Mainland of Nova Scotia. We suggest that the situation could be remedied by either a bridge or a causeway.

The Dominion Government appointed two engineers, Messrs. D. W. McLachlin, Department of Transport, and S. W.

Fairweather, Chief of Research and Development, Canadian National Railways, to investigate the matter. Subsequently, these two gentlemen made their report to the Special Committee on Reconstruction and Re-establishment which had been previously appointed by the Government. They gave evidence before the Committee at Ottawa, on May 1st, 1943, on a tunnel, a bridge and a causeway. These gentlemen, according to their printed evidence, disapproved of both the tunnel and the bridge and gave favorable evidence on a causeway. We agree with them on their disapproval of a tunnel, but we feel that the building of a bridge is not unwarranted financially.

Mr. McLaghlin estimated that the cost of a bridge would be about Twenty Million dollars. He arrived at this figure because, he said, "The Problem of bridging the Gut of Canso was not unlike that of bridging the St. Lawrence above Quebec."

The matter is one, we submit, which should be approached from the point of view, not of cost, but rather of a saving to the country. We will deal with this matter later.

The Special Committee on Reconstruction and Re-establishment in its fourth report to the House of Commons, dated January 26th, 1944, strongly urged that the Government give earnest consideration to the "Improvement of Transportation Across the Strait of Canso by the construction of a Causeway in such manner as may be judged most satisfactory considering the amount of traffic and the conditions of ice, tide and currents."

We suggest that it is most important that some survey should be made to determine the cost and feasibility of both projects. Honorable A. S. McMillan, Premier of Nova Scotia, has offered to lend an engineer for this task if the Dominion Government will appoint a Commission or an outstanding engineer and an economist to go into the matter immediately. Then, and only then, would anyone be able to say whether the crossing should be made by a bridge or a causeway.

RELOCATION AND IMPROVEMENT OF RAILWAY

The Transcontinental ends at Moncton, New Brunswick. From that point west, there are three railway lines to all parts of Canada, namely: The Canadian Pacific, the Old Intercolonial, and the Transcontinental. The Transcontinental has a maximum grade of six-tenths of one percent and the trains of up to one hundred cars can be easily hauled depending on the size of the locomotive. East of Moncton, New Brunswick, to Sydney, Cape Breton, we have the Old Confederation type of railway with grades in the Cape Breton section 1.25% and in sections of the Mainland up to 1.52% with exceptionally sharp curves. Only eighteen loaded cars can be hauled from Sydney to the Strait of Canso by a single locomotive, and from the Strait of Canso to Stellarton twenty-two loaded cars; and thence to Moncton, New Brunswick twenty-five loaded cars.

BY THE CHAIRMAN - What do you mean by a loaded car? Would it not depend on what the cars are loaded with?

A. I suppose it would. We are dealing with loaded cars of coal at the moment, or we refer to them.

BY COMMISSIONER MORRISON - Which average from thirty to forty tons?

A. Yes.

MR. CHEW (continues Brief)

Out of Moncton east, only twenty-five loaded cars can be hauled by a single locomotive. Double headers are frequently used which add very substantially to the cost.

Mr. Fairweather stated, while giving the evidence referred to in the foregoing, with reference to the line between New Glasgow and Mulgrave:-

"The line of railway from Mulgrave to Truro, let us say, or New Glasgow, is a line that was built in the early days when railroading was not as well developed as it is now. It is not a good line. It is expensive to haul over it, and you cannot, unfortunately, improve it, because the people who built it just went over the top of the hills."

It is submitted that the same situation exists between Sydney and Point Tupper and between Truro and Moncton and suggested that diversion around the hills and hollows would overcome the heavy grades throughout the whole 342 miles distance between Sydney and Moncton. As Mr. Fairweather indicates the engineers who laid out this line, to carry out the Confederation Pact, simply went over the hills and the mountains and into the hollows to make it as short and as cheaply as possible.

The coal industry in Cape Breton was composed at that time of a number of independently operated crop pits, and there was no steel industry operating in the whole Province. That line is practically the same one which is doing service to the extensive coal and steel industries today, with its unavoidable bumps and jolts, frequent derailments, smashing of locomotives and railway cars, destruction of their contents and consequent frequent holding up of traffic.

In the August 1943 edition of "Canadian Transportation", Mr. W. U. Appleton, the then Vice-President, Atlantic Region, Canadian National Railways, is reported to have stated at a meeting of Victory Loan Workers in New Glasgow that the difficulties of handling traffic on the New Glasgow division were caused by its physical characteristics including heavy grades and much curvature as compared with the National Transcontinental railway line - with its easy grades and curves.

The Special Committee on Reconstruction and Re-establishment, in its fourth report to the House of Commons, strongly urged that the Government give earnest consideration "to the regrading, re-aligning, and double tracking of the Canadian National Railways from Sydney to points in Nova Scotia and New Brunswick."

Mr. Fairweather was asked, when giving evidence before the said Committee, the following question:

"But you would say that the developments being asked for are quite advisable if the money can be found? To which he answered: "Oh yes".

(c) THE ECONOMICS OF THE PROJECT

(Plan 1A) Causeway - Estimated by D. W. McLachlin
C. N. R. Engineer

Estimated amount of fill	-	3,231,000 cu. yds.
Estimated cost of fill at \$2.25 per cu. yd.		\$7,270,000.
Estimated cost of tunnel approach & trackage		<u>600,000</u>
Total cost of causeway		\$7,870,000.
Estimated cost of Lock, 650' x 70' x 30' and bascule bridge		<u>4,000,000.</u>
Total cost of Causeway and Lock		\$11,870,000.
Round Figures		\$12,000,000.

Track Revision - Estimated by Mr. W. S. Fairweather

From Sydney to Point Tupper, partly by grade line revision and partly by new construction		\$ 6,000,000.
Mulgrave to Truro over the uncompleted Guysboro Branch line or revision present line		8,000,000.
New line, Truro to Moncton		<u>10,000,000.</u>
		\$24,000,000.
Total cost of Causeway and Railroad revision		\$36,000,000.

(Plan 2A)

Track Revision and Strait of Canso Crossing

Revision Sydney to Point Tupper	\$6,000,000.
Mulgrave to Truro	8,000,000.
Truro to Moncton	10,000,000.
Bridge over strait of Canso	20,000,000.
TOTAL.....	\$44,000,000.

(Plan 3A)

Revision of Line Sydney to Truro with causeway	\$26,000,000
If we add revision, Truro to Moncton	<u>10,000,000.</u>
	\$36,000,000.
Revision of line from Sydney to Truro, with bridge at Strait of Canso	34,000,000.
If we add revision Truro to Moncton	<u>10,000,000.</u>
TOTAL	\$44,000,000.

- - - - -

We are advised that the total tonnage shipped from Cape Breton to points in Quebec in 1937 was	1,300,000
And in 1943 was	<u>2,400,000</u>

A difference of 1,100,000 Tons

This difference is accounted for in a large measure by water transportation of coal from Sydney to St. Lawrence ports, which did not occur in 1943.

- - - - -

For the purpose of this study, we are using a conservative figure of 1,500,000 tons. That is a reduction of 900,000 tons from the 1943 figure.

The cost of freighting coal from Sydney to Montreal, as determined by the Board of Railway Transport Commissioner by trial shipment, is \$4.95 per ton.

Estimated saving per ton with proposed revision and proper crossing 25% or \$1.23 per ton.

Saving on 1,500,000 tons at \$1.23	\$1,845,000
Interest at 3%	<u>1,080,000</u>
Saving per year	\$765,000.

\$765,000 would amortize the Capital cost of \$36,000,000 in 30 years.

Plan 2A - If we use the top figure cost of \$44,000,000 and tonnage 1,500,000 at \$1.23 per ton the saving would be	\$1,845,000
Interest at 3%	<u>1,320,000</u>

Saving per year \$525,000.

\$525,000 will amortize the Capital cost of \$44,000,000 in 42 years.

- - - - -

Plan 3A - If we are satisfied to use a Causeway and revise the line from Sydney to Truro, leaving out the revision from Truro to Moncton, the cost would be \$26,000,000

Saving on 1,500,000 tons freight at 70¢ per ton	1,050,000
Interest at 3%	<u>780,000</u>

Saving per year 270,000

\$270,000 will amortize the Capital Cost of \$26,000,000 in 46 years.

- - - - -

For a further breakdown of estimated costs, we would refer you to schedule "A", appended to this submission.

We would point out that the figures used in the foregoing are the figures given in the evidence by the C. N. R. experts before the Special Committee of the House of Commons on Reconstruction and Re-establishment, namely: Mr. Fairweather and Mr. McLachlin. We would note that we have used the maximum amounts set forth by them. Honorable A. S. MacMillan, the Premier of Nova Scotia, a Contractor of many years standing and wide experience, after discussing these figures with a number of Engineering Experts, all of whom have agreed with him, has stated that the figures used by Mr. Fairweather and Mr. McLachlin are extravagant and away beyond what the actual cost would be. His own opinion is that the figures used are from ten to fifteen million dollars above what the actual cost will be. However, in order that there may be no possibility for argument, we have used, for this submission, the higher figures given in evidence by the Experts of the Canadian National Railways which may all be found in the Report of the Committee under date of May 24th, 1943.

In addition to the conclusion reached and set forth in the statement, there must be taken into consideration the freight tonnage from the Mainland of Nova Scotia to Central Canada on all products shipped to Central Canada as well as coal from the Pictou and Cumberland County Mines.

In the statement we have used the outgoing tonnage only, and, in no case, have we used the large amount of tonnage from all over Canada to Cape Breton, and, through Cape Breton, to Newfoundland. Neither have we used the saving to be effected in passenger traffic and the delays which would be overcome. We are leaving these two matters out of the picture, which, in the judgment of competent railway men, would amount to two or three hundred thousand dollars annually. Our reason for not taking them into consideration is that, undoubtedly, there will be some incidental expenses in connection with the new proposal which must be given consideration and which can be very well taken care of from this source.

We have endeavoured to show the different proposals and the cost of each and to establish, in each case, that the financing will take care of itself over a reasonable period of years.

Mr. Fairweather, in his evidence before the Committee, referred to in the foregoing, made reference to the Capital Cost and insufficient returns. We cannot agree with him, as we think that, even based upon the estimate made by himself, and Mr. McLachlin, the projects are economically sound, as it may be seen that, in each case, the financing would take care of itself over a reasonable period of years.

Mr. Fairweather's next objection is increased maintenance, cost, depreciation, etc. We fail to see how anyone can argue along that line, as, undoubtedly, with a new alignment, reduced curvature, and a well-ballasted road bed -- while the cost would be higher for maintenance than at present, there would certainly be a larger decrease in the maintenance of rolling stock. The wear and tear on the rolling equipment on the present road must be out of all proportion to the mileage. As to depreciation, there is the depreciation on the present road; in addition to this, there is depreciation on the Ferry Steamer and the fact that the present steamer will have to be replaced within a few years as it has been in the service twenty-nine years.

Again, the argument is advanced that we will return to pre-war freight after the war. It should be noted that we have used, in our calculations, the 1937 tonnage, and, at that time, coal was being shipped by water to St. Lawrence ports. The rail tonnage in that year we are reliably informed was 1,300,000 tons. We have used for our purposes 1,500,000 tons. Surely we are justified in increasing the estimate by 200,000 tons. It will be 900,000 tons less than the 1943 tonnage. We cannot agree, for a moment, that our progress will be retarded but rather will go forward.

From the post-war rehabilitation point of view, we know of no project that could be undertaken which will take care of so many returned men or men who will lose their positions through the dislocation of industry, than this proposal.

You will find on page 400 of the evidence taken before the Parliamentary Committee, that Mr. Fairweather suggests that this proposal would give employment to 7,000 men for three years. We are of the opinion that it would take care of 8,000 men, which would mean approximately seven million days work in three years and would, undoubtedly, take up all the slack insofar as ordinary labour in the Maritime Provinces is concerned.

If a bridge is decided upon, it has been suggested that it would be difficult to hold the piers in the Strait of Canso on account of currents, floating ice, etc. We would point out that the highway bridge erected by the Province of Nova Scotia across the Annapolis River is built on similar piers and is subject to floating ice conditions and an eight knot current, whereas the Strait of Canso has only a four knot current. The Province of Nova Scotia has experienced no difficulty on this account at the Annapolis River Bridge.

Another objection raised is that a causeway across the Strait of Canso would prevent the ice from passing through the strait to the Atlantic, and it would remain in the Bay and cause late Springs. Records show that only a very small percentage of the ice passes through the Strait - that it goes down from the Bay, enters the Strait, is forced back by the next tide and, eventually, it remains in the Bay until a southeasterly wind drives it back and it finds its way around to the Atlantic.

BY MR. FRAWLEY - What is the name of that Bay?

A. The Cut of Canso.

Q. Is that the name of that Bay?

A. No, I have forgotten the name of the Bay.

BY THE CHAIRMAN - It depends on which side of the Strait it is on, Bay St. Lawrence on one side, and Bay St. George on the other.

We respectfully submit that the coal industry in Nova Scotia will not regain a healthy state until means are devised to reduce the cost of transportation of our products. We are of the firm conviction that this healthy condition will be reached more quickly if the proposals as suggested are carried out.

5. COAL SUBVENTIONS

Earlier in this submission, it was stated that the introduction of the policy of subventions saved the coal industry of Nova Scotia from extreme want, privation and suffering. Throughout the years, the necessity of subventions to move Nova Scotia mined coal to the markets of Quebec and Ontario has been so well established that there can be no doubt as to their efficacy. It is assumed that they will be more fully dealt with in submissions made by the operators, the mine workers' representatives and other interested bodies. For this reason, it is not proposed to deal with them at greater length herein. Since their inception, the Boards of Trade have been in full concurrence and have urged their continuance and implementations, as an absolute necessity to the movement of Nova Scotia mined coal. It is now recommended that adequate subventions to assist the movement of Nova Scotia mined coal, either on a per cent per ton basis or a lump sum basis should be made permanent by statute.

6. INADEQUACY AND AVAILABILITY OF MARKETS

The Dominion of Canada contains within its borders some of the world's largest coal deposits. The total consumption of coal in Canada exceeds thirty-five million tons per year, and the total production is approximately only seventeen million tons per year. Despite the fact that consumption in Canada has been twice that of production, it has been a sad paradox that, year after year, some of our mines closed, and, others worked part time because of the lack of a market for the product of our mines.

Markets can and must be found in the interests of the welfare of the Province of Nova Scotia and Canada as a whole. Intensive development of coal areas in the United States, with the accompanying demand by American operators for increases on American Import duties, culminating with the Fordney Tariff, resulted in the closing of the United States market to Nova Scotia mined coal, and, while it is true that there are now no import duties on Canadian coal imported to the United States, the low cost of the production of coal in the United States as compared to the high cost of production of Nova Scotia coal precludes any possibility of regaining United States markets. While there is now no possibility of selling Nova Scotia coal in the New England States markets, additional markets can and must be found in Canada for Nova Scotia coal by the displacement of foreign coal. To this end, we recommend the continuation and enlargement of every possible assistance by way of subsidies, subventions and tariffs, necessary to place our coal in the markets of Canada to the extent required to insure steady all the year round operations.

It has been made obvious, in normal periods, that the so-called local market, i.e., the Steelworks in the city of Sydney, the Canadian National Railways and the Maritime Province market are not in themselves sufficient to guarantee even reasonable part time production. Every effort must be made to regain the entire Quebec market, to extend the sale of Nova Scotia mined coal as far into the Province of Ontario as it is possible to do, and to develop the sale of Nova Scotia mined coal, not only to the Canadian National Railways, but to the Canadian Pacific Railways, as we are definitely of the opinion that the railways operating in Canada should be required to use Canadian coal exclusively.

7. BY-PRODUCTS OF COAL

It has been contended that a substantial outlet for Nova Scotia coal is to be found in the manufacture, development and sale of the by-products of coal. There is practically no limit to the extent and variety of by-products which can and should be extracted from coal. For many years, plants turning out a great variety of valuable by-products from coal have been operating with considerable success in Great Britain, France and Germany, as well as other European countries. The limited research carried on by the government of the Dominion of Canada recently in their small and inadequate fuel research laboratories at Ottawa has shown that it is possible to obtain a yield of one hundred and forty-three gallons of gasoline from a ton of Cape Breton mined coal which, it is understood, has been established as the highest yield from any coal tested in Canada or the United States. Canada has to import eighty-three per cent of her gasoline requirements. With the world supply of gasoline and oil growing less, and with the research work carried on to date indicating that there is a very strong possibility that gasoline equally as good can be processed at a price competing with oil produced gasoline, the development of by-products gasoline from coal on a large scale would appear to be the logical solution to a threatened oil shortage. It has been pointed out by Dr. W. E. Warren, Physical Chemist of Hydrogenation at the Fuel Research Laboratory, that, upon the basis of the production of one hundred and forty-three gallons of gasoline from a ton of Cape Breton coal, over half a ton of gasoline would be derived from a ton of this coal, in addition to other valuable by-products. Apart from the coal used in the extraction of gasoline and other by-products, considerable more coal would be required to operate the processing plants. The United States Congress has voted a very large sum of money to aid in the development of gasoline from coal and American coal operators, it has been reported, are looking forward to largely in-

creased business with the development of by-product gasoline.

While gasoline is one by-product, there are many others which may and can be, it is contended, produced profitably. It is our submission that insufficient attention, in the past, has been paid to the possibility of the by-products of coal as an outlet for coal mined in Canada and, particularly, in Nova Scotia. With this in mind and while fully appreciative of the action of the Federal Government to date in appropriating funds for Coal Research into new processes for coal utilization such as Hydrogenation and use of coal-tar products, it is recommended and urged that the government of the Dominion of Canada vote an appropriation, without undue delay, sufficiently large to set up Fuel Research Laboratories, adequate to carry on research work of this nature to the extent and in the manner it should be, and that this work be carried on with a view to determine those by-products which it is most feasible to manufacture, develop and obtain a ready market and sale for.

BY THE CHAIRMAN: Would you be inclined to include in that a recommendation that the Dominion Government should undertake to give bright young men who have shown aptitude for that work in their high school and college studies, scholarships in that field?

MR. CHEW: Very definitely, Mr. Chairman. (Continues with brief.) The logical place for such Fuel Research Laboratories is at the source of supply and not, many miles away, where coal can only be moved at great cost. It is contended such laboratories should be located in the centre of the main coal fields of Canada on Cape Breton Island. We further recommend that, having determined those by-products which it is most feasible to manufacture, every encouragement, financial and otherwise, should be given by the Government of Canada to encourage the establishment of large scale by-products plants in the centre of the coal-mining areas. Such industries, when properly established, would not only provide new industries and a definite substantial outlet for our coal, but would, in our opinion, go a

long way towards wiping out the spectre of unemployment which, like the Sword of Damocles, has ever been hovering over our heads.

8. DOMINION FUEL BOARD

While the Dominion Fuel Board has been giving satisfactory service, within the limits of its power, since its inception, we are of the opinion that its powers have not been sufficiently wide. We submit that, either the powers of the Dominion Fuel Board should be extended, or a new Board should be set up with full power to investigate and recommend with respect to every phase of the coal mining industry and to play a leading and active part in the marketing and distribution of Canadian mined coal in the Canadian market.

BY THE CHAIRMAN: Just before leaving that, do you also suggest such a Board as that should be given powers of putting their plans into operation apart from Governments?

A What plans do you refer to?

Q Any plans for the benefit of the coal industry?

A Oh, definitely. Any plans that are for the betterment of the coal industry, yes.

Q You see, one of the difficulties in that regard is that some of the recommendations made by the Fuel Board or other Boards that are set up, it is the Government that makes them effective, and that takes about a year for debate in the House of Commons, and so forth, and there is a big division of opinion.

A We have in mind one Board that would have complete power to do all things that are in the interests of the coal industry; very wide powers in that respect.

MR. CHEW (Continuing Brief):

CONCLUSION AND SUMMATION

In this submission, we have purposely avoided references of a technical and statistical nature as we felt that the technical aspects of this major industry could be much more thoroughly and completely covered and the requisite statistical details supplied by those more closely identified with this industry, than are the members of the Boards of Trade. We have endeavored,

however, to deal with those matters affecting the coal industry which appealed to us particularly, as business and professional men resident in coal-mining communities and dependent indirectly upon this great industry for our livelihood ---

BY THE CHAIRMAN: I think directly.

MR. CHEW: Both directly and indirectly, I think. We don't work in the mines but we depend on the workers in the mines to keep going. (Continuing brief) as possible solutions to the problems that beset it and threaten its future as well as that of those communities which are so completely dependent upon it.

Fully realizing the important part the coal industry has played and must continue to play in the life of Nova Scotia and in the life of the Dominion of Canada as a whole, as well as the necessity of bringing about some degree of permanence in the interests of those communities most vitally affected, we repeat the recommendations we have already made herein:

(a) We recommend prospecting to determine the possible existence of concealed coal fields should be given every encouragement and full and complete geological surveys made by competent engineers appointed by the government to determine the feasibility of opening new mines or reopening old mines with a view to the placement of our young men returning from the Armed Services.

(b) We urge the desirability of bringing management and labour more closely together with a view to working out some method to bring about a substantial increase in the per ton per man production and consequent reduction in the cost of coal landed at the mine mouth.

(c) We strongly advocate the construction of a crossing across the Strait of Canso and levelling the grades and straightening the curves on the railway system between Sydney, Cape Breton and Moncton, New Brunswick, as a means of facilitating and reducing the cost of the all-rail movement of coal.

(d) We recommend the necessity of the continuance, made permanent by statute, of every possible assistance by way of subsidies, subventions and tariffs necessary to displace foreign coal and place our coal in the natural markets of Canada.

(e) We urge that more attention be given to the matter of research into the possibilities of the by-products of coal as an outlet for Nova Scotia mined coal and, for this purpose, the government of the Dominion of Canada establish Fuel Research Laboratories on Cape Breton Island and carry on extensive research work with a view to determining those by-products most feasible to manufacture and sell.

(f) We further urge that governmental assistance be given for the purpose of assisting in the establishment of large scale by-products plants in the centre of the coal-mining areas.

(g) Finally, we recommend that the powers of the Dominion Fuel Board should be extended or a new Board set up with full power to investigate and recommend with respect to every phase of the coal mining industry and to play a leading and active part in the marketing and distribution of Canadian mined coal in the Canadian market.

We appreciate deeply the courtesy extended in permitting us to be heard and the attention given to our submission. Vitally affected as we are by the future of the industry and not unmindful of the necessity of bringing some degree of solidarity to it, we are prepared to do anything within our power to assist, in any way we can, in bringing about a much desired solution to its problems.

All of which is most respectfully submitted in behalf of the Associated Boards of Trade of Cape Breton Island.

BY MR. FRAWLEY: Mr. Chew, I think perhaps we might expand upon some of those things. I would like to have your views. You speak about the natural markets. You say that you would like Canadian coal to displace ---

BY THE CHAIRMAN: I don't know; do you think this witness should be sworn? He is passing along the views and opinions of everybody else.

BY MR. FRAWLEY: This will be just views that Mr. Chew will be giving me. I wouldn't think he would need to be sworn. Anything Mr. Chew could tell us is essentially second-hand, but I want to get from him the views of his committee really.

JOHNSTONE CHEW (Not Sworn). Examined by Mr. Frawley.

Q You say that every assistance should be given to place Nova Scotia coal in the natural markets of Canada?

A Yes.

Q I am wondering what you mean by that?

A I mean the Province of Quebec and as far west as it is possible to go in the Province of Ontario. We feel in this part of the country that those are our natural markets, apart from our purely local markets.

Q "Natural" is a new word. This is the first time we have seen it before the Commission. Do you regard the Province of Ontario as a natural market for Nova Scotia coal?

A The Province of Ontario and the Province of Quebec.

Q I am thinking more of Ontario. You might have Quebec anyway because the St. Lawrence River puts you in there anyway, but you say the Province of Ontario is a natural market?

A We feel it is because we might get maximum production.

Q But is it not as well the natural market of the Ohio and Pennsylvania coal-fields?

A Well, as Canadians we feel our own country ---

BY THE CHAIRMAN: What did Nature do? How did she lay out the country? That is what he is talking about.

A Oh, the New England market possibly would be our natural market from that standpoint.

BY MR. FRAWLEY: Don't you agree that Ontario is the natural market of the Ohio and Pennsylvania fields?

A From the standpoint of one who is living in a coal-mining

area I would say they should be ours.

Q I am talking about geography.

A From a geographical standpoint, yes.

Q As a matter of fact they are natural markets of Ohio and Pennsylvania and not at all the markets of this part of the country?

A From the geographical standpoint.

Q Now you spoke about the Fuel Board. Do you want that Board to have some actual powers or just to recommend?

A I think they should have some actual powers.

Q In production?

A In all phases that are for the welfare of the industry.

Q There may be quite a good idea there, if I may say so. For instance, if the Dominion Fuel Board thought it advisable to open up a new seam on Cape Breton Island you would like this Board to have power to see that it is done?

A Yes.

Q And then would they have some power to spend some public funds if necessary if the owners of the lease didn't agree?

A If it was in the interests of the industry, yes.

Q Would you say that this Board should have power to force an industry to get on and develop the seam with its own money?

A I am not so sure about that.

Q I would think that what you would mean is that the Dominion Fuel Board either with power to make recommendations and to act--it would be power to act on behalf of the Government of Canada and with the Government of Canada's money?

A Yes.

Q And when you speak about them taking an active and leading part in the marketing and distribution, would that go so far as to establish zones for the markets and give it the sanction of law?

A That is something that I must confess I know nothing about, Mr. Frawley.

Q I would like to leave all about the Strait of Canso. I see that the Premier of this Province is making some progress at Ottawa on that subject which may outdate a lot of pages in this brief, but leaving that and coming right down to earth will you agree with me that the people you represent, the business and professional people of Cape Breton Island, depend very, very largely on the coal mining industry?

A I would say entirely.

Q Because the steel industry depends on the coal mining industry?

A Exactly.

Q And when the coal mining industry is sick the business and professional men are also sick?

A Very definitely.

Q Am I right in saying that the labor relations existing between the employees of the Dominion Coal Company and the Dominion Coal Company are not at, shall I say, the best possible level?

BY THE CHAIRMAN: I think it would be rather unfair to go further than that in discussing with this man the relations, because you can see the reprisals that might ---

BY MR. FRAWLEY: This was in my mind, if it was common knowledge, because it has not been established yet before this Commission if they are good or bad.

BY THE CHAIRMAN: But if they are bad I don't want you to ask him who is good and who is not good because it would be placing him in a very awkward position.

BY MR. FRAWLEY: Oh no. Perhaps I should say it this way. Consider this and if you think it is compromising you to answer don't answer. Is it commonly considered in the community that the labor relations between the Dominion Coal Company and its employees are not, shall we say, of the best?

A The general opinion of our members is that most harmonious relations do not exist between management and labor, and that there could be more co-operation.

Q Now I assume that your members are all very responsible people? I take it they represent the biggest, and perhaps the smallest also, but your committee represents the most substantial businesses in Cape Breton Island?

A We represent business and the professions, the professions pretty generally.

Q Unfortunately of course your committee is just a creature of a few days?

A That's right.

Q But there is such a thing as the Associated Boards of Trade?

A The Associated Boards of Trade is in existence. It is being reorganized at the present time and will be starting on a very active basis within a few weeks. It is the parent body of all the Boards of Trade on Cape Breton Island.

Q Having in mind the very closely related dependence of your people upon this coal-mining industry, have your Board of Trade ever done anything to try to better these relations between employer and employee?

A From the standpoint you mean of interfering?

Q Oh, just walking into Mr. Kelley's office and saying, "Here we are. We would like to discuss whether you could use our good offices in trying to better these relations, which we hear are not so good"?

BY THE CHAIRMAN: Or into the office of the Union?

A I don't think I could say we did that. We have joined with both the Coal Company and the U.M.W. in representations they have been making on behalf of the industry, and we have endeavored to get members of both management and U.M.W. to come into our membership, but we have never approached either management or the U.M.W. and said, "You are not acting right."

Q I didn't mean that, but have you ever offered your services to both sides?

A Perhaps not directly. It is pretty generally recognized that Boards of Trade are organized to do what they can for community welfare.

Q Does the Dominion Coal Company belong to your Boards of Trade?

- A I don't know about the other Boards. I think we had one official of Dominion Coal Company Ltd. a member of the Glace Bay Board last year, and a member of the U.M.W.
- Q What do you mean, one member?
- A We have only individual membership; we have no corporate members.
- Q And the Dominion Coal Company was a member in that way?
- A No, the Coal Company was not; this individual was.
- Q But it is in that way that the corporations become members?
- A The Coal Company could, if they so desired, buy up a certain block of membership for their members.
- Q How does any fairly substantial business become a member of your Board of Trade?
- A We have no set-up for that at the present time. We just have the same annual membership for every member, and we have that under consideration, but we have no corporate memberships as they have in larger Boards of Trade in bigger cities.
- Q It is in my mind that in view of the fact that you people depend for your very existence on the successful operation of these mines, and accepting as a proposition that the mines will not operate successfully if the relations are not harmonious, I am just wondering to what extent you concern yourselves with trying to better these relations?
- A I don't think we have ever--to use a slang expression--stuck our neck out by going to either Coal Company or U.M.W. and attempting to tell them what they should do or they should not.
- Q I would not expect that, because you are not sufficiently informed, but you might ask to be allowed to sit in conference with them when they meet together?
- A I don't recall of any instance where we definitely asked to sit in with them to discuss the matter of more harmonious relations.
- Q It strikes me this way, that the Dominion Coal Company's business dominates the whole island, doesn't it? It neces-

sarily does?

A Yes.

Q And I am told with thousands of people their very existence depends upon the successful operation of these mines. It is not like it is in Alberta where the industry is diversified all over the province. Here it is all concentrated in one area. Now that being so the public interest is more immediately involved and I therefore put it to you that it might be a very good function for your Boards of Trade to interest yourselves more intimately in this operation.

A I am speaking only for myself at the moment but I am quite sure that the members of the Board of Trade would be only too willing to do anything they could in any way to assist the coal industry, and we are quite prepared to discuss the matter at any time with the Coal Company or with the U.M.W.

Q Has the United Mine Workers on the one hand or the Company on the other hand ever called in for consultation purposes any of the Boards of Trade in connection with any of their operation and development schemes, as far as the Company is concerned, or anything in connection with the Union?

A That would be a difficult question for me to answer.

Q Has the Dominion Company ever consulted or discussed with any of the Boards of Trade the advisability of any major change or any development in their operations?

A I don't recall that they have ever discussed any change in their operations or any matter of development. We have discussed on different occasions assistance to the industry in order to keep on when conditions were very bad.

Q Have they ever for instance when a mine was to be closed down called you people in to consultation?

A I don't think they have. The Boards have attended citizens' meetings protesting against the closing of mines.

Q Did the Dominion Company attend those citizens' meetings with explanations of what was going on?

A They have on occasion, I believe.

- Q Now has the United Mine Workers ever consulted with the Boards of Trade when they have been contemplating some major operation, an application for wage increase or perhaps a strike?
- A No. The U.M.W. has consulted with us in the same way as the Coal Company, asked for the assistance of the Boards in connection with obtaining assistance for the industry.
- Q These questions may seem a little bit out of the usual but it is because I am so impressed with the fact that this is a one-company industry and the whole of the business of the whole island is so intimately affected by every move made by this company, or by the people who work for it, that is so, isn't it?
- A Yes sir.
- Q You speak of subsidies. Dealing with the post-war situation, on page 4 you say: "It can only be avoided if the coal industry is given the assistance by way of subsidies, subventions, and tariffs necessary to enable it to displace foreign mined coal." What do you mean by the word "subsidies"?
- A The general opinion among the men in the Board seems to be that the Company under the present high cost of production of coal cannot, even with assistance by way of subventions or tariffs, continue to successfully sell coal unless there is some governmental assistance given in other ways.
- Q We know that during wartime they have been given subsidies because they have been told to go out and get the coal regardless of cost?
- A Well, it is our feeling that until such time as the cost of production of coal can be brought down, with per man production increased, the Company will be up against much the same situation and they will have to have subsidies to put their coal into markets.
- Q You contemplate a situation whereby this Company not only will be getting freight subventions to get its coal into the market and will be protected by tariffs, which certainly tend

to keep out the American coal, but they will be getting subsidies from the Federal Government to equalize their costs of production?

A If it is necessary to keep the mines operating I think they should, otherwise the 80,000 people on this island who are dependent on them will be simply looking forward to a period of suffering, privation and want again.

Q Don't you think we have got to get the thing out of that class and get on higher ground? Those mines are not being kept open just to keep the people of Cape Breton off relief?

A I can appreciate they are not.

Q If this industry is worthy of assistance it must be to improve the whole economic level of the province?

A Yes. It is a national industry and the country is dependent on it.

Q It is something more than just a few mines to keep the miners off relief?

BY COMMISSIONER McLAURIN: Subsidies may be warranted during a disrupted period following the war, but what if they are needed for a longer period to keep the industry going? Would you still propose that they should be paid?

A Otherwise you have got the problem of finding employment for a vast number of people.

Q No, but after we get beyond the controlled and disrupted period do you propose that if the industry cannot keep going that it should continue to have these subsidies?

A Until such time as it can get back to a normal basis and operate without subsidies.

Q That means that it might have to have subsidies during the whole continuance of its life?

A Possibly, but not necessarily.

Q But as long as they cannot go without them you would say that they should have them?

A I would say so.

Q And then you would have an industry that Canada is not depen-

dent on but that is dependent on Canada?

A Of course on the other hand we are very hopeful that this Commission will do a lot of good.

Q Of course we cannot do the job that industry should do itself. We haven't any supernatural powers.

BY MR. FRAWLEY: It occurred to me a moment ago that would be a pretty dangerous thing to apply to industry here and there throughout the country, would it not?

A It certainly would, from the standpoint of the entire country.

Q I mean we might go out into Manitoba and find that we had an industry there that was having a hard time to get along; costs were mounting and prices were low. Now if we applied your solution we would simply go to the Federal Treasury and say, "Give them subsidies until such time as they are able to carry on without assistance"?

A I don't say that is a solution in itself. It is a necessity until a solution can be worked out.

BY THE CHAIRMAN: Of course this is a basic industry dealing with the natural resources of the country, and I think that they should in all times of need be helped, because otherwise the whole country will suffer. The big farmers in the West and the grain growers in the West have been getting very large sums of money from the Treasury of this country for the purpose of maintaining them on an economic basis. Why? That is the only reason I can see for it and I think that is the reason it is good common sense to ask the government of the country to give assistance in times of need to develop our natural resources.

BY COMMISSIONER McLAURIN: I am not quarrelling with that; I am endeavoring to find out how long the subsidy would be necessary.

BY MR. FRAWLEY: That is the question, how far we are going to go. We can go up to the Sudbury district where International Nickel is developing a natural resource, and supposing it found it couldn't make its ends meet we would say, "This is a basic

industry; the whole Sudbury district is dependent on it, and because of that and to save a mass migration of workers from that district you must go to the Federal Treasury and get a subsidy to keep the nickel mines and plants operating." That follows, doesn't it?

A Not to the same extent, because I don't think that nickel would be required to the same extent that coal is.

Q Just a minute. You say nickel would not be required to the same extent that coal is required, but you must remember that across Lake Ontario and Lake Erie there is plenty of coal to satisfy the whole of Central Canada.

A In the United States?

Q Don't misunderstand me, I am not making a point or taking an issue. I am just trying to draw out and get your views. You say that Cape Breton Island is so dependent upon coal that if necessary, and to save a mass migration of the workers, there must be assistance from the Federal Treasury to keep these mines operating?

A Yes.

Q And that is regardless of the fact that Dominion's costs are going up, assuming that they continue to go up, and there continues to be an unfavorable differential between cost and selling price, just as long as that condition maintains you have got to get assistance from the Federal Treasury, that is what you say?

A Yes.

Q Now then, just tell me what you mean when you say, these young men were never able to obtain a day's employment prior to their enlistment. Because they were too young?

A No, there was nothing available for them.

Q How long have these mines been working on wartime schedules and tonnages, for some time?

A I am speaking about the period prior to 1939.

Q And some of them of course to their credit went off immediately on the declaration of war?

A A very large percentage of them did.

BY MR. COHEN: What page is that?

BY MR. FRAWLEY: Page 4. Now I just want to be clear about a reference to "the government" at the bottom of page 4 and the top of page 5. You suggest that competent engineers be appointed by the government to determine the possibility of opening new mines. Will you specify the government there?

A The government of the Dominion of Canada.

Q The Nova Scotia government owns all this coal. Don't you think they have something to say about it?

BY COMMISSIONER McLAURIN: Except under the War Measures Act I don't think the Federal Government has any jurisdiction.

A I suppose the Nova Scotia government should be entitled to have some say in it.

BY COMMISSIONER MORRISON: They collect the royalties.

BY MR. FRAWLEY: And to be perfectly serious about it, are you suggesting here that the Nova Scotia government should have a voice in the operation of this industry?

A As was suggested by Mr. Morrison, they are receiving the royalties; they should have some say in the whole matter.

Q No, they are just collecting the royalty. They are just landlords, technically, so they are not interested in what the tenant does.

A I would hesitate to say to what extent or whether they should interfere to any extent in the operation of the industry.

Q Interfere is not the happiest word, but to have a voice in it?

A Oh, they have a voice. I understand they have the right to cancel leases if the company was not operating properly.

Q Do you think they would have anything to say as to how they operate, to come in and discuss ways and means of reducing costs?

BY THE CHAIRMAN: Of course they discuss that now.

BY MR. FRAWLEY: To be perfectly frank, what I am discussing is a modified form of government control. Do you think the Nova Scotia government should have a voice in this industry, which

cannot properly exist and achieve its proper markets--what it considers its proper markets--without government aid, because to me that puts this company in quite a different class from other industries in Canada which are getting along without any aid (if there are any such).

- A If the government feels that the operations are not being properly carried on then I think they should step into the picture.

BY THE CHAIRMAN: Perhaps you are not aware that our local government here has a large force of well trained miners, inspectors of mines, who visit these collieries day in, week in, week out throughout the year, and I have no doubt they do to some extent assist or try to assist the management in the various fields.

BY MR. FRAWLEY: Well, I don't know about assisting management.

BY THE CHAIRMAN: You had a very pleasant trip with one of them here, Mr. Cascoy, Chief Inspector in the Nova Scotia government, who I consider one of the best coal miners in this province.

BY MR. FRAWLEY: The trip was pleasant but Mr. Cascoy's business is to see primarily to the safety, the proper operation of the mine. Even if the Nova Scotia government were not the lessors of the mines, because in our country the mine inspectors go down into the C.P.R. mines, but that is something over and above what I am talking about. I mean what are your views on whether the Nova Scotia government, in the public interest of the province of Nova Scotia and having in mind the particular state of this industry, do you think it would be at all right and proper in the opinion of your clients that they should have some voice in the decisions made with respect to the operation of the corporation?

- A Where it is in the public interest.

Q Well, everything this company does is in the public interest because it affects the whole of the people of Cape Breton Island?

- A Yes.

- Q You say on page 6: "According to available figures the maximum amount of coal transported by rail in any one year preceding the outbreak of war was less than one-tenth of the possible production of coal." That is by rail?
- A Yes, by rail.
- Q That coal should not move by rail if there is water transportation available?
- A Not if there is water transportation during the summer months but you still have the seasonal operation during the winter months. It is in the winter months in the past that we have had slack time.
- Q The water-borne movements move without assistance?
- A Yes.
- Q Rail movements can only move with assistance?
- A Yes.
- Q Should not the water-borne transportation do the whole job?
- A Navigation is not open during the whole year.
- Q This question of banks--oh well, we will pass over that. Do you think it would be a feasible and practicable thing for a committee of your Boards of Trade to be consulted when mines are about to be closed by this company?
- A I don't know that there is very much that we could do about it, except perhaps from the standpoint of protesting, because as I say we are not mining experts.
- Q Surely you might agree that it was the only thing to do?
- A We would be quite willing to set up a committee with a view to discussing it and finding out if it was reasonable and necessary.
- Q Do you think that perhaps the inevitable result would be that they would simply go in there with one voice and say, "We don't want you to close the mine"?
- A Not necessarily. I think the members would be quite prepared to discuss the matter and find out the reasons pro and con.

BY COMMISSIONER MORRISON: Have a nice friendly meeting;

pass a resolution?

A That's right; pass a resolution.

EXAMINED By Mr. Cohen.

Q It seems to me that quite unwittingly you have rather posed your questions in a light that you hardly intended to when you are putting forward your brief. As I read your representations you put this matter forward not on the basis of some local need with respect to Cape Breton particularly or Nova Scotia generally but on the basis of a national need, is that not right?

A We are primarily interested in the Cape Breton need but we are also interested in the national need from the standpoint of coal.

Q That is as I read your brief you stress the fact that the possession of these natural resources is something that the Canadian people should guard and make the fullest use of as a people?

A Absolutely.

Q And so that from that standpoint it is not only the problem of Cape Breton and not only the concern of Nova Scotia but the problem and the concern of the Canadian people as a whole?

A And not only with respect to the economics of the thing but I take it that you would also agree with an observation that was I think put into evidence by Mr. Gray that the Maritime coal mines are an inseparable part of Canadian national defence. I take it that would be included in your point of view also?

A Yes.

Q So that regarding the matter as something that relates to the interest of Canada as a whole and the public of Canada as a whole you feel that those who are most aware of the problem, and naturally those who reside here would be most aware of it, are entitled to go to the people of Canada

and say, "Here is a resource down here and certain assistance is needed by the people of Canada as a whole so that the interests of the country as a whole can be served and advanced." Is not that the proposition?

A Yes.

Q So I take it it is on that basis that you suggest an advance of the cost, which you estimate at some \$44,000,000, in connection with the Canso Straits and straightening out and improving of the railway facilities?

A Those are not our estimates.

Q You adopted the estimates?

A Yes.

Q It is upon that basis that you make that suggestion? Do you follow me, Mr. Chew?

A Yes.

Q Likewise you would say to the people of Canada, "It is quite proper and in your interests to advance money by way of subventions or to advance money by way of encouraging the production of by-products or research and so on, so that the industry down here will thrive"?

A That's right.

Q And it is not certainly the fault of Cape Bretoners that Nature chose to put the coal deposits which Canada as a whole should have down at this end of the country where transportation is difficult and costly? That certainly was not your fault, was it?

A No.

Q And if that resource is to be cultivated for the use of Canada and the benefit of Canada there is no reason why you should be penalized just because you happen to be living near it, isn't that the case?

A Yes.

Q That being so, the public of Canada finding it in its interest to advance these sums and make these expenditures so that its utility and natural resources can be conserved

and maintained you then go on to say that they who supply that amount of money are entitled to take some interest in the efficiency and cost that characterize the conduct of the industry down here, isn't that right?

A Yes.

Q If they should for instance find upon fair and reasonable and objective and unhurried examination that for instance some technique was introduced that would reduce the cost and therefore reduce the amount of subsidies that the public of Canada would have to pay it would be proper for the public of Canada to say to the industry, "We want you to make this improvement that will reduce your cost and therefore reduce our taxation?"

A That's right.

Q And therefore you suggest a Dominion Fuel Board that will not only have advisory powers but power to bring regulations into effect?

A To do anything that is in the interests of the industry.

Q And that because the industry is in the interest of the public of Canada? So that notwithstanding that I agree whole-heartedly with my friend Mr. Frawley as to the responsibility of citizenship that might suggest that you go into the offices and so on, if in fact there was that permanent Fuel Board or whatever you want to call it you could be looking after your various trades and the Fuel Board could be looking into the various questions related to the efficiency or cost or anything else related to the conduct of this operation, isn't that right?

A Yes.

Q And it would be their function to see that their views, after being objectively and reasonably arrived at, would be carried out?

A That's right.

Q I don't know if you have ever been near that wicked place called Ottawa. I suppose you have seen the Experimental

Farm there?

A I was there six years ago with the Coal Commission.

Q I suppose you saw the Experimental Farm?

A I don't recall that I did.

Q Do you know anything about the Dominion activity in connection with vocational training?

A No.

Q Pardon me for trying to draw too much on your experience but you might help us out on that. Just one word about the use of the term "natural market". I take it you used that term on the assumption that Canada was a single political and economic entity?

A Yes.

Q And on that assumption Ontario was a natural market for your coal?

A Yes.

Q On that assumption that Canada is a single political and economic entity?

A Yes.

Q I think you said something to my friend when he said something about those social visits you might make now and then to the offices of the Union and the Company, I think you did make some reference to the fact that you had been asked to assist in making representations to the Federal authorities with respect to the need for subsidies and subventions and so on?

A Our Board of Trade in Glace Bay was requested this year by the district secretary of the United Mine Workers to press for a national fuel policy, and we joined with them in making representations to various bodies.

Q That preceded the setting up of this Commission?

A That was prior to the setting up of the Commission.

Q And you also made reference to your having been asked, as I gathered, to assist in representations on behalf of the industry that subsidies or subventions or aids should be

secured for the industry?

A So far as I am personally concerned I don't recall any occasion that the Coal Company requested our Board to take any definite action.

Q Do you recall being asked to assist at all?

A No, I can't say that I do.

Q Well then, did you assist in that respect? Did your Boards of Trade identify themselves and associate themselves with the request that the industry be aided?

Q Our Board has been doing that for the last forty years.

Q Do I gather that that was done unsolicited on the part of the Board of Trade, on its own initiative?

A Because it was very much dependent on the industry.

Q On their own initiative, realizing that that was the situation, they came forward and made representations to the Dominion Government with respect to assistance?

A That is quite right. The Board of Trade has taken part in every delegation that has gone to the Government seeking assistance for the industry.

Q I don't suppose you ever crossed the threshold of the Department of Labour at Ottawa in connection with any of these delegations?

A The only delegation that I was on to Ottawa was in January 1939 and we then met with the Dominion Cabinet.

Q Of which the Minister of Labour would be a member, of course. Now I am asked about one incidental item and that is as to your view with respect to extending the C.N.R. to Glace Bay. I understand that for some reason it stops at Sydney. There is some talk about the justification of extending it to Glace Bay. I don't know why it should stop here. Have you any views on that, or your Board?

BY THE CHAIRMAN: Go the whole hog and put it through to Louisburg.

BY MR. COHEN: Somebody has asked me to ask that. Have you anything to say on that question?

A We would be quite interested in having the Canadian National Railways come to Glace Bay.

Q How do you get from here to Glace Bay?

A Street-car, bus, train.

Q The railway stops here?

A There is another railroad connecting.

Q You say something in your brief about municipalities and we might just as well go the whole hog on this question of efficiency. I am informed, I hope correctly, that within the immediate radius there is one city and five towns and three specific areas unorganized in terms of municipal government in the County of Cape Breton, and flowing into each other, with a combined population of 100,000, and that there might be some efficiency secured and perhaps also some saving if these were combined into one municipal entity. Have you ever given any thought to that at all?

A I have never given the matter any consideration.

Q Is there any reason why this area, which is really one integrated area, should not be consolidated in terms of municipal government?

BY COMMISSIONER McLAURIN: I don't think it is part of our commission to inquire into municipal affairs on the Island of Cape Breton.

BY MR. COHEN: Unless it in some way has a bearing on the manner in which this community could handle the problems facing it. Have you any views on that?

A No, I have no views on it.

BY THE CHAIRMAN: You had some things to say about the present transportation facilities at the Strait of Canso. Well now, you are not condemning the transportation facilities that are there now as being as good as they can be under the circumstances of transportation across that strait?

A They may be as good as they possibly can be under the conditions.

BY THE CHAIRMAN: The reason I asked that, you had some representations to make regarding ships going across there and I hope at least what you wanted to set forth there was from a comparative standpoint?

A That's right.

Q Because we would not like to have a Board of Trade here to criticize a mode of transportation which I think down the years has been as good as it can be under the circumstances.

BY THE CHAIRMAN: I thank the Associated Boards of Trade, on behalf of the Commission, for their interest in this thing, and I want especially to thank Mr. Roland MacIntyre of Sydney, who was the gentleman whom I approached on this thing first, for getting those Boards of Trade together. I approached him as secretary of the Sydney Board of Trade. I want to thank all the members of the Board of Trade for coming here and I want to thank Mr. MacIntyre for his efforts.

3.55 P.M. - COMMISSION ADJOURNED

1871

1872

1873

1874

1875

1876

1877

1878

1879

1880

1881

1882

1883

1884

1885

1886

1887

1888

1889

1890

1891

1892

1893

1894

1895

1896

1897

1898

1899

1900

1901

1902

1903

1904

1905

W. Dec (Canada, Coal ...
C

Vol. 77

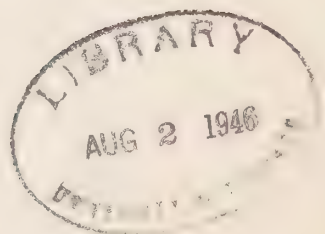
ROYAL COMMISSION ON COAL

Sydney, N. S., January 24th, 1945.

Seventh Day.

WITNESSES:

H. C. M. Gordon	-	Pagos 505 - 534
N. T. Avarð	-	535 - 544
David Burchell	-	545 - 567
N. T. Avarð	-	567 - 581



EXHIBITS:

No. 28 - Submissions on behalf
of the Independent Coal
Operators Association
of Nova ScotiaPage 536
Date 24/1/45

Wednesday, January 24th, 1944.

The Commission reconvened at the Court House,
Sydney, N. S., at 10:00 o'clock A. M.

H. C. M. Gordon resumed the witness stand.

BY THE CHAIRMAN - I am sorry, gentlemen, that we are delayed
a little bit but perhaps it will help us out in the end to get
certain matters straightened out.

EXM. OF MR. GORDON BY MR. COHEN

Q. Now Mr. Gordon I don't want you to think for a moment that
I am entering into anything in the matter of a contentious
so-to-speak cross-examination, but there is some information
that I think you can help us and the Commission get, and that
I am sure you would like to have before them. And incidentally
please keep in mind that you have me at a complete disadvantage
with regard to your technical knowledge.

MR. GORDON IS SWORN AS TO FACTUAL MATTERS ENTIRELY.

EXM. BY MR. COHEN (continued)

Q. I just want to make sure as to this plan Exhibit 24, and
as I gather it shows the plan of the leased Sydney coal field.
That would be all leases would it, or just the leases of the
Dosoos interests?

A. It is the leases of the Provincial Government to different
lease holders.

Q. Everything in the Sydney coal field whether leased by the
Provincial Government to Dosoos interests or otherwise? Is that
right?

A. I believe so.

Q. Are you familiar with the map at all, or plan?

A. Yes, I am fairly familiar with it.

Q. And can you indicate for us just where on this plan your
own operation is carried on? When I say your own, I mean the
operations of the Company of which you are President?

A. The operations of the Old Sydney Collieries?

Q. Yes?

A. The operations are at Cranberry Head. And from this area between those two ponds (indicating on Exh. 24) sloping slightly to the west.

Q. Put an "O.S." for Old Sydney Collieries to mark the spot.

A. (Marks spot on plan Exh. 24). Slightly to the west of Cranberry Head.

Q. And this is a separate Company that you are President of, a separate incorporated company, Old Sydney Collieries Ltd.?

A. Yes.

Q. And you are its President?

A. Yes.

Q. And also I take it General Manager, if I remember rightly from your testimony?

A. That is right.

Q. That is you are the chief Executive Officer so-to-speak of that Company?

A. That is correct.

Q. And how long have you been in that position?

A. For the past three years.

Q. And before that?

A. I was assistant to the General Manager of the Dominion Steel & Coal Corporation.

Q. Assistant to the General Manager of Dosco?

A. For coal operations.

Q. And where were you stationed having regard to that position?

A. In Sydney.

Q. And what was the nature of your duties there? Just in a general way.

A. Latterly I paid very close attention to the operations of the Old Sydney Collieries, of the Acadia Coal Company, and of the Cumberland Railway & Coal Company at Springhill.

Q. And how long did you say you had been in that position as Assistant Manager, or did you say?

A. Since the beginning of 1936.

Q. Who are your fellow Directors, may I ask, of Old Sydney Collieries Ltd.?

A. Messrs. Cross, Kelley -

Q. Is that the gentleman sitting there at the table?

A. Yes, Mr. H. J. Kelley, and Mr. M. W. McDonald.

Q. Is that Matt McDonald?

A. Yes, and Mr. R. C. McDonald and Mr. Jack McNeil.

Q. Where is Mr. Jack McNeil stationed and what are his functions?

A. He is a lawyer.

Q. Is that the gentleman who has appeared in Court here, and who appears here today?

A. That is right.

Q. And then I take it that it is an accepted fact, or is there any question about the fact, that the Capital Stock of your Company is owned in some way by Dosco, either direct or through the medium of some other company?

A. It is wholly owned by the Nova Scotia Steel & Coal Co.

Q. It is wholly owned by the Scotia Company?

A. Yes.

Q. And that in turn is controlled by Dosco?

A. That is right.

Q. Now have you separate leases for these areas that you were good enough to mark for me, or one lease covering the two areas? One is at Cranberry Head, and I wonder if for the purposes of the record you would give us some name for the other place, Cranberry or Blueberry or something?

A. That is known as Florence.

Q. Have you separate leases for the area at Cranberry Head and the area at Florence?

A. There was a certain lease from the Nova Scotia Steel & Coal to the Old Sydney Collieries.

Q. The new lease is not with the Provincial Government, but with the Scotia Company?

A. That is right.

Q. And is it one lease covering both areas?

A. Several leases.

Q. When you say several just what do you mean, 2 or 3 or 5?

A. There are 16 I believe altogether, if my memory serves me correctly.

Q. And is the Scotia Company a direct lessee from the Province?

A. Yes.

Q. And can you let us have say a copy of the leases under which you hold these operations from the Scotia Company?

A. Yes, if the Commission so desires.

BY THE CHAIRMAN - Your Company does not operate these 16 leases, you have not got leases of these 16 areas, your particular company?

A. We have sub-leases.

Q. But you have not got sub-leases of all the Nova Scotia Company's leases?

A. No, just about 16 of them.

BY MR. COHEN - I was asking for copies of the 16 sub-leases that you hold from the Scotia Company. In other words you are the Lessee and they the Lessor.

BY MR. FRAWLEY to MR. GORDON

Q. Are these leases all contained in some sort of clauses or provisions, or is each a separate transaction? Are they all according to a form?

A. Yes.

Q. And one contains all the same covenants as the others?

A. I believe so.

Q. If we had a copy of one, then we would have a copy of everything.

BY MR. COHEN - I appreciate very much my friend's thought in that regard, and as we have a lot to record, there is no need for duplication. If, in fact, I could have access to the other 15 just to make sure there is no error in the expression of information, then one is sufficient. And may I say as to the other 15, whichever one you may pick as a sample, I would be very much obliged if you would give us any of the specific

details that relate to the other 15, the dates and specific areas, or any other terms that apply to the other 15 that would not be disclosed in the sample lease.

BY MR. FRAWLEY - That will be done.

BY MR. McNEIL - The form of lease is set forth in the schedule in the Mimos Act, and they are all the same.

BY MR. FRAWLEY - That would be from the Crown to the Scotia?

A. Yes, and there is simply an assignment of that.

Q. Is it an assignment?

A. A sub-lease.

Q. Then it is a separate document between Scotia and Old Sydney and might or might not be the same as from the Crown to Scotia. We do not want 16 documents put in all the same except as to area.

BY COMMISSIONER McLAURIN - There will be one filed, and parts of the other 15, and Mr. Cohen is going to have an opportunity to look at the other 15.

EXM. BY MR. COHEN (continued)

Q. Thank you very much, and that will for the moment avoid me having to question you as to any particular terms of the leases. I suppose they call for the payment of some sums of money by the Old Sydney Collieries to the Scotia Company?

A. The Old Sydney Collieries pays to the Scotia Company 10¢ a ton on the coal mined.

BY COMMISSIONER MORRISON - That is a royalty?

A. Yes.

Q. Are there any fees involved?

BY MR. COHEN - Do you mean legal fees?

BY COMMISSIONER MORRISON - Cash rental?

A. Yes, there is a cash rental for use of the equipment and plans.

EXM. BY MR. COHEN (continued)

Q. And is that separately provided for in each of these sub-leases?

A. It has nothing to do with the sub-leases.

Q. Is there some other document or contract between the Scotia Company and the Old Sydney Collieries in addition to these sub-leases, as a result of which this liability to pay for use of

plant arises?

A. Yes, there is such a document.

Q. Is there any objection to your letting us have a copy of that?

A. If the Commission desires it.

BY MR. COHEN - Well the Commission will overrule me if I ask for something they don't want.

BY THE CHAIRMAN - That is in the hands of Mr. Frawley.

BY MR. COHEN - I do not want to anticipate something that is coming along in any event, and I can only deal with matters that come to the record.

BY MR. FRAWLEY - Mr. Gordon will also bring along a copy of the document pursuant to which some cash rental is paid by Old Sydney Collieries to Scotia.

EXM. BY MR. COHEN (continued)

Q. Is that all right, Mr. Gordon?

A. Yes.

Q. And are there any other contracts between Old Sydney Collieries and Scotia Company regarding liabilities or obligations of any sort of the Old Sydney Company to the Scotia Company?

A. Not as far as I know.

Q. You check into that and if you find anything that has been overlooked you will let us know about it?

A. Right.

Q. Is there any Agreement or document of any kind existing between Old Sydney Collieries and Dosco proper (I don't want to extend the whole name of the Association) or any other subsidiary on which the Old Sydney Collieries has undertaken to do something, or pay something, or anything else?

A. Yes, there is a fee charged for technical and sales service.

Q. By whom?

A. Which are made available to Old Sydney Collieries by Dominion Steel & Coal.

Q. And does that fee accrue to the Dosco Company as a result of some contract entered into with Old Sydney Collieries, or is it just an arrangement? Perhaps you will check on that.

A. I will.

Q. And how about the marketing of your product, by whom is that done?

A. By the Dominion Steel & Coal Corporation, and that marketing is part of the technical services I just mentioned.

Q. Is there any contract between Old Sydney Collieries and Dosco with respect to the marketing of your product?

BY THE CHAIRMAN - I don't suppose that Mr. Gordon would know that.

BY MR. COHEN - He is President of the Company.

BY THE CHAIRMAN - That is not done through the President of this Company, Dosco make all those arrangements, services paid for.

BY MR. COHEN - As I understand it, Old Sydney does not market its own product, but turns it over to the Dosco Company to be marketed.

BY THE CHAIRMAN - That is services.

EXM. BY MR. COHEN (continued)

Q. It is in a sense, but it is also a commercial relationship, and my question was whether there was any contract between Old Sydney and Dosco relating to that proposition of marketing, that is relating to the fact that Dosco markets your product. Is there any contract or written agreement covering that?

A. There is an understanding, but I am not sure if there is a written agreement.

Q. Is the understanding expressed in writing in any way, in any place, either by correspondence, or by way of a Resolution at any of the meetings of your Board? And if that is something you would care to look into, I will not press for an answer now.

A. I would rather look into that.

Q. I take it you have a document, which you read yesterday, that was filed as Exhibit No. 26. Perhaps before I go into that, does Old Sydney Collieries Ltd. in turn sub-lease any of those properties or operations to other concerns?

A. No, Old Sydney does not.

Q. And do you operate all of the 16 properties leased?

A. No, not all of them.

Q. They are not all in operation?

A. No, some of them are lying just ahead of our present workings.

Q. Is it possible to tell us in a general way how many are being operated of the 16?

A. I will check into that.

Q. I don't want to press you for an answer based on memory, no matter how willing and conscientious. But you will check into that?

A. Yes.

Q. And not only in terms of number, but would you indicate the combined area covered by these sub-leases, and the total area now in operation. Is that clear?

A. Yes.

Q. In other words not only that you operate a given number, but the total combined area out of the 16.

A. Yes.

Q. Would you look at page 3 of your Exhibit No. 26 and give us first of all one figure there. I will read it - "In post-war years when conditions again become normal and a sufficient labor supply is available to keep the collieries fully manned, these mines will have a tonnage capacity of 3,600 short tons per day, and, on the basis of 250 days worked annually, the mines can produce 900,000 short tons of coal per year." My first question to you is why do you say 250 days worked annually? Is that on the basis of a 5 day week?

A. Yes, a full year on the 5 day week.

Q. And if in fact you were working to the tonnage capacity, or 3600 tons per day, how many men would you employ?

A. All told, about 1800.

Q. When you say "all told" what is included in that telling?

A. The managerial staff, everyone.

Q. Everyone employed by Old Sydney?

A. Yes.

Q. And of that 1800 how many would the clerical and managerial staff comprise?

A. 55 to 60.

Q. So, summing it up, approximately 1740 or 1745 would be?

A. A full crew.

Q. Does that include supervisor employees also?

A. Yes.

Q. How many supervisor employees would there be, and again no one is expecting you to give it to the man?

A. All told about 75.

Q. How many are being employed today in these operations?

As I understand it you divide them into Florence and Princess?

A. We have a full staff today.

Q. That is, you have approximately 1800?

A. That is right.

Q. So as far as you are concerned, except in so far as some of the people now employed may drop out of employment for age or other cause, you don't look forward to being able to absorb more men?

A. That is right.

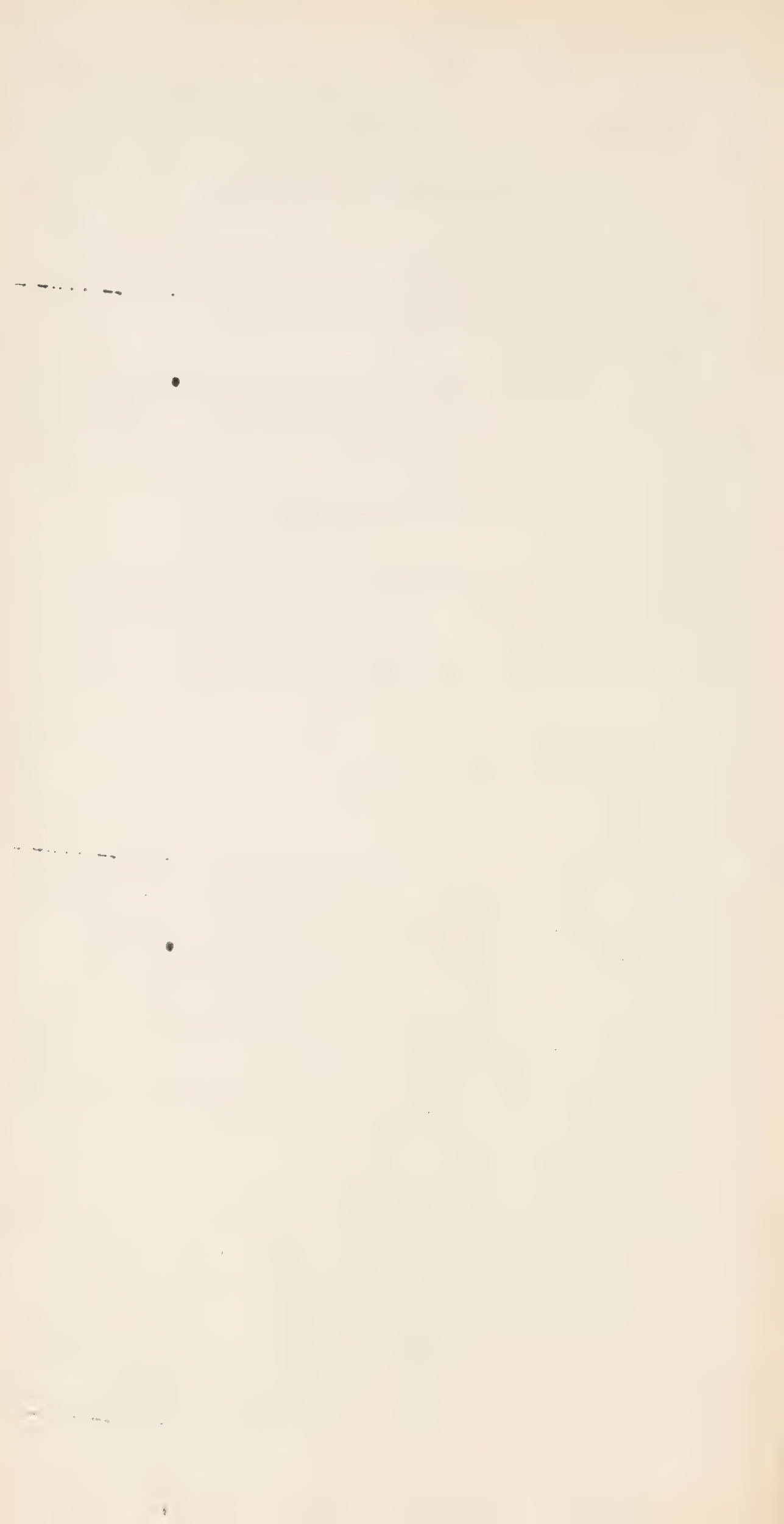
Q. In the post-war period?

A. That follows.

Q. Now you indicate at the bottom of the page, and quite sensibly if I may be permitted to say so, that it is necessary that the markets for its output of coal should be obtained, and so on. Now assuming in effect, say as the result of the recommendations and deliberations of this Commission, or other acts of wisdom on the part of the people of Canada, the market was such that it could not only absorb the 900,000 tons of coal, but an additional quantity. What additional quantity do you think you could mine at Old Sydney?

A. That would depend to a great extent on where the markets were found and what quality of coal those markets could absorb.

Q. Suppose we proceed on the assumption that the quality of coal that the market can absorb would be the quality that you could produce, let us take that as a basis for a moment. What would the factor of the location of the market have to do with it?



A. Some markets will not absorb a high ash coal, particularly a market in Ontario.

Q. That is what you meant by location?

A. Yes.

Q. That ties in then with the quality they want?

A. That is right.

Q. I am asking you to assume that there is a market not only for 900,000 tons of the quality you are able to produce, and you assume here that that is likely, but we will say there is a market for more than the 900,000 tons of the kind of coal you produce. How much more than the 900,000 can you supply?

A. With an assured market we would probably be able to double that.

Q. And if you doubled it, how many more men would you be able to employ than the 1800 involved in producing 900,000 tons?

A. Oh probably in the vicinity of 1300 men, but I want to qualify that before I go any further. That would depend to a very considerable extent on the possibility of mechanizing our operations.

Q. When you say the possibility, do you mean being able to make the financial outlay?

A. No, I mean that physical conditions might not permit us to do it.

Q. Well suppose if you don't mind, base your reply and your judgment upon the conditions as you know them and upon the conditions as you can reasonably in your own mind satisfy yourself will occur and will exist.

A. I cannot do that. Conditions are so marginal that before some experimental work is done there is absolutely nothing to base a judgment on.

Q. What did you base the judgment of 1300 on?

A. On our present practice.

Q. Is your present practice based on mechanization?

A. No.

Q. If you continue on the basis of your present practice, you

would with a total force of 1800 men plus 1300 men, that is 3100 men, and that includes both clerical, managerial and supervisor staff, you would be able to produce 1,800,000 short tons of coal per year?

A. Yes.

Q. And if you can mechanize, that would reduce the number of men that would be required to produce that total of 1,800,000 short tons of coal per year?

A. That is right.

Q. But you cannot tell us at this moment when that would be because you say you cannot at this moment estimate what mechanization could be put into effect?

A. That is right.

Q. And you say you cannot do that because a certain amount of experimental work would have to be done?

A. That is right.

Q. Has any of that been done?

A. Not yet.

Q. Can you estimate what that would cost?

A. Yes, the work will cost somewhere in the vicinity of \$15,000 as we propose to do it.

Q. And has there been any decision as to when you will do it?

A. No, there has been no decision made yet.

Q. How long approximately do you think it would take to carry on that experimental work?

A. A year to 18 months I would say.

Q. Employing how many men?

A. Probably about 30.

Q. Now you will have to pardon what is possibly a visible ignorance underlying this question, but if you employed more than 30 men could you shorten the period of time?

A. No.

Q. That is, that amount of time would have to elapse whatever the working force was that you used?

A. That is right.

Q. And what was the time you gave?

A. A year to 18 months.

Q Are you carrying on any exploratory work or have you in the last two or three years been carrying on any exploratory work with a view to seeing what improvements can be introduced in respect to production or how production can be increased?

A Yes, we have done some experimenting.

Q During the last five years?

A During the last five years.

Q Can you give us say a rough estimate of the total amount that has been expended by you in that experientnal work during the last five years?

A Oh, probably \$10,000 to \$15,000.

Q Can you tell me in respect to the holdings of your company just where and with a view to finding out what, this experimental work has been carried on during the last five years? Is it with ~~respect~~ to operations now active ~~or~~ with respect to some of these leases on which you have not started operations?

A Both.

Q And can you divide the amount of money at all as between the two, that is leases on which you have been carrying on operations or leasehold areas on which you havenot been carrying on operations?

A The work that was done was all within leases on which we were carrying on operations.

Q I am sorry; I thought you said both. Perhaps I didn't frame my earlier question clearly. That is this \$10,000 or \$15,000 was spent in connection with exploratory work on Princess and Florence?

A Correct.

Q And no money has been expended in connection in exploratory work in connection with any of the other areas? Is that right?

A During the last four or five years, that's right.

Q Was any money spent before that by Old Sydney Collieries on exploratory work in connection with any of those sub-leased areas other than Princess and Florence?

A There was a good deal spent by the Nova Scotia Steel and Coal Company prior to that.

Q Prior to what?

A Prior to five years.

Q How long have you had these leases?

A You mean the Old Sydney Collieries?

Q When I say "you" I am not being personal; I am speaking of the corporate entity of which you are president.

A Since 1938.

Q What time in 1938?

A I believe the date is August, the beginning of August.

Q That seems to me to be over five years. You say before these properties were leased the Scotia Company spent some money in connection with these properties?

A Which areas are you talking about?

Q The areas leased to you other than the Florence and Princess mines?

A No. I thought ---

Q That is all I am inquiring about.

BY COMMISSIONER McLAURIN: Let Mr. Gordon say what he did mean.

A I thought you were talking about leases outside those sub-leased to the Old Sydney Collieries.

BY MR. COHEN: No, I am just confining my questions to you to matters within the purview of the Old Sydney Collieries Ltd.

A I should say that these leases held by Old Sydney Collieries and not operated in are submarine leases lying in front of our present operations.

BY COMMISSIONER McLAURIN: And therefore do not admit of exploratory work?

A No, they don't admit of any exploratory work at all.

BY MR. COHEN: That does then mean in effect that there is monies expended by you on exploratory work in Princess or

Florence? Your company has not spent any money in respect to any of the other areas leased?

A That's right.

Q And your reason for that is that you say that it doesn't lend itself to that, is that right?

A That is correct.

Q Now you made the statement, you will remember, at the bottom of page 4 of the document and I think on the second line of page 5, you refer to reserve areas. Now can you tell us anything about the location of the reserve areas?

BY MR. FRAWLEY: It can't be page 5.

A It is the last paragraph. The areas to which that last paragraph refers lie across the tip of Boularderie Island and along the coast from Little Bras d'Or to Florence.

Q Now I would like to ask you about your observation--I am hesitant now about referring to page numbers since I find that the page numbering is different in different copies. It is the second paragraph of your brief and after making a reference to Princess Colliery you then go on to say: "Florence Colliery, because of a thinning of the seam from the north side encroaching on its frontage, will eventually reach the Princess intercolliery barrier and either that factor or a more rapid encroachment of the thin coal from the north will limit the life of that colliery." Now has any exploratory work been done at all to satisfy yourself that that condition of thinning out doesn't later fan out and thicken and yield a product that could be mined? Have you carried on any such exploratory work?

A There has been some exploratory work done.

Q Can you tell us how much? Have you tunnelled, for instance?

A No, we have not tunnelled. We have run all our sections on the north side of Florence Colliery into the low coal area.

Q That is into what you call the thinning of the seam?

A Yes.

Q And have you attempted to go beyond the thinning of the seam

by means of tunnelling to see if it doesn't thicken out later into something that can be properly produced?

A We have driven all our sections in for some considerable distance and persisted in this low coal for some considerable distance, 500, 600, 700 feet.

Q And you have found what, the same thinning?

A Yes, with a tendency to become thinner.

Q Now of course you are quite familiar with the fact that there have been other situations, either in your own mines or other mines in the area, where you come to some that thins out and then you go through that and suffer, so to speak, for a while and then you come to something that is quite lucrative? That is not an impossible situation?

A No, that happens at times. I should point out though that in this case there has been a colliery sunk to the north which was also in low coal and was stopped because of that.

Q What colliery is that?

A Scotia No. 4.

Q Who operates that?

A It was operated by the Nova Scotia Steel & Coal Company.

Q And when was it closed down?

A Scotia No. 4 was closed down in 1921.

BY MR. FRAWLEY: When you say low coal you mean thin, thin seam?

A Thin, yes.

BY MR. COHEN: You are familiar with the Bras d'Or situation?

That is one of those independent mines?

A Yes.

Q And also with the fact that it is their view that their life expectancy, so to speak, is quite short? That's right, isn't it?

A Not necessarily.

Q Well, I am not suggesting that their view is right or wrong but that is the view they have expressed, isn't it?

A Yes, they have expressed that.

Q Why do you say "not necessarily"?

- A Because their coal is the same coal that they have been working in all along. It is the same height of seam or very close to the height of coal they have been working for a good many years.
- Q Well, if for instance they feel that they will have exhausted what is available to them within a year or so you think that their judgment is wrong in that respect?
- A I don't quite follow that question.
- Q Well, I am informed that that particular operation have expressed the view to their employees, some 375 of them, that in some nine months or a year the mine will have to close down because they will have mined what there is to mine. Now do I take it that in your view they are wrong in that judgment?
- A Yes, they are wrong in that judgment.
- Q Have you any idea what is the life expectancy of that particular mine?
- A No, I couldn't say off-hand.
- Q Now you remember that as a consequence of the view held by those who administer Bras d'Or, and whether they are right or wrong is certainly not your fault or even your concern, but you remember as a result of their holding that view they asked to have part of the leased territory, particularly at Alder Point, turned over to them so that they could operate, isn't that right?
- A That is correct.
- Q And when was it that they made that application?
- A Oh, about two years ago, I think.
- Q Now again you have got to bear with me by reason of my experience in this particular type of situation. To whom is that application made in the first instance or is it made to several parties contemporaneously, or how does one go at it?
- A I believe the application is made in the first place to the engineer.

Q To what engineer?

A The engineer of the Dominion Steel and Coal Corporation, who incidentally is also the engineer of the Nova Scotia Steel and Coal Company.

Q Yes, I think we can take that for granted, but I suppose the application would have to be made to the engineer of Dosco because that particular area was under lease from the Province of Nova Scotia by Dosco through Scotia, isn't that correct?

A No, not by Dosco; directly under lease from the Provincial Government by Scotia.

Q Well, we will put it that way.

BY COMMISSIONER McLAURIN: That is the fact.

BY MR. COHEN: With great respect, my question didn't suggest anything else than that the lease was between Scotia and the Provincial Government but in effect, since Scotia is controlled by Dosco, indirectly the lease is controlled by Dosco.

BY THE CHAIRMAN: It cannot be indirectly or directly controlled by Dosco if it is a lease from the Government of the Province to the Nova Scotia Steel and Coal Company.

BY MR. COHEN: Can you tell me, Mr. Gordon, if there is any interest in the Scotia ---

BY THE CHAIRMAN: I didn't say anything about interest.

BY MR. COHEN: I don't want to start quibbling about words.

BY THE CHAIRMAN: I am not quibbling about words. I am saying that as far as the lease between the Government and the Nova Scotia Steel and Coal Company is concerned that Dosco has no control over such lease, as such.

BY MR. COHEN: I don't know that I suggested --

BY THE CHAIRMAN: Go ahead with your examination, Mr. Cohen.

BY MR. COHEN: I thought perhaps Your Lordship ---

BY THE CHAIRMAN: Go ahead.

BY MR. COHEN: I will be very pleased to do it.

BY THE CHAIRMAN: You will be pleased to do it? You will be obliged to do it, if you intend doing it.

BY MR. COHEN: Certainly I intend doing it. I don't think there is any need for any heat about it.

BY THE CHAIRMAN: Perhaps not.

BY MR. COHEN: The lease is held by Scotia?

A That's right.

Q Scotia's shares are held by Dosco?

A That's right.

Q Then what Scotia does in respect to the lease held from the Provincial Government is determined by the shareholders of Scotia, is that right?

A No, that is not right.

Q Who would decide?

A The Scotia interest in these leases is covered by a trust deed.

Q To whom?

A To bondholders of Scotia.

Q That may be, but that is subject to redemption. Do you suggest that as a result of that trust deed the bondholders of Scotia decide what is to be done with respect to those leases?

BY COMMISSIONER McLAURIN: There might be something in the bond issue.

BY MR. COHEN: There might. I am not asking it in any quarrelsome spirit. I just want an explanation. Do you suggest the bondholders of Scotia do the active deciding as to what is to be done with respect to the leases held by the Company?

A What I do suggest is that since the interest of the bondholders is in these leases a very close examination has got to be made to see that there is no wastage of those leases.

Q In other words, that their security is not impaired, is that what you mean?

A That's right.

- Q But so far as the day by day active administration, so far as the affairs of Scotia are concerned, that is determined by the shareholders acting through the directors of Old Sydney Collieries, isn't that right?
- A Not of Old Sydney Collieries.
- Q Well, of what?
- A Of the Nova Scotia Steel and Coal Company.
- Q I am sorry, You are right about that. Then the administration and use of these leasehold areas held by Scotia from the Government is determined by the shareholders acting through their directors of the Scotia Company, and the shareholders of the Scotia Company are in effect Dosco, that is right?
- A Yes.
- Q All right. And it is because of that that when the Bras d'Or people wanted to open up a mine in one of the areas leased by the Provincial Government to the Scotia Company, whose shares are owned by the Dosco company, because of that that the Bras d'Or people applied to the chief engineer?
- A The chief mining engineer.
- Q The chief mining engineer of the Dosco company, is that right?
- A That's right.
- Q And when you say applied, he asked that that area be turned over to them on, I suppose, some similar arrangement to other sub-leases?
- A Yes, probably that is what he would do.
- Q And then would there also be an application to the Provincial Government?
- A There might or might not be an application directly made to the Provincial Government by the Bras d'Or Coal Company; Certainly the Provincial Government would have to authorize any sub-leasing.
- Q And do you know if anything was done by way of a hearing, informal or otherwise, in connection with the request of

the Bras d'Or Company to the chief engineer of Desco that that area at Alder Point be turned over to them so that they could open up a new mine?

A There was such a request made, I believe.

Q Was there a hearing, informal or otherwise?

A Where, between whom?

Q Anywhere? Halifax or anywhere?

BY COMMISSIONER McLAURIN: He says between whom?

BY MR. COHEN: In relation to any authority that would have to be exercised by the Provincial Government?

A I believe the Bras d'Or people made an application themselves to the Provincial Government.

Q And did you yourself make any representations to the Provincial Government?

A Myself, no.

Q Did you make any representations to anybody else in connection with this request of the Bras d'Or people that the Alder Point area be turned over to them to open a new mine?

A Yes.

Q And is it correct to say that you opposed the request of the Bras d'Or interests to have that turned over to them?

A I did.

Q Is that right?

A That's right.

Q And is that Alder Point that the Bras d'Or interests asked to be turned over to them so that they could open a new mine, one of the 16 areas, or included in the 16 sub-leases that you have from Scotia?

A No.

Q Now have you any idea of the number of young men say ranging from the ages of 16 to 26 who were unemployed around Glace Bay and Sydney say in October and November of 1939?

A No.

Q Despite the fact that the collieries were operating at full capacity?

A No, I couldn't tell you.

Q You do know that there were some?

A Certainly there were some.

Q You can't tell us the number?

A No.

Q Well, that is fair enough. Now you express, and I thought very aptly, the fact, and this appears in the second last paragraph of your brief, that "coal mining in Canada is of national importance and must be considered from that viewpoint." That is the stress that you lay on it?

A Yes.

Q Is that right?

A That's right.

Q And it is upon that basis, and I am far from suggesting that you are anything but correct about it, that you urge that there be sufficient assistance given to the carrying on of the industry in Nova Scotia and to producing coal here to enable it to supply the markets on a competitive basis?

A That's right.

Q And I take it that you would agree with me that if the public of Canada are to be asked--and let me say this, that I agree with you that they should be asked--to furnish monies in one form or another to enable this very valuable natural resource to be mined and placed at the disposal of the consumer, that it is not a fact that they should also, through such a thing as say the Fuel Board, as was proposed by the Board of Trade yesterday, or through some other government agency, supervise and where necessary regulate the enterprise so that they know that they are putting their money into something sound and really rendering a national service?

A No, I won't agree with that.

Q Do I understand that your view is that the Government of Canada should supply the money and have nothing to do with how it is spent?

A That is rather an odd way of putting it.

BY COMMISSIONER McLAURIN: Mr. Gordon probably agrees that the industry is subject to the same degree of intervention as the protected industries in Ontario.

BY MR. COHEN: If we are talking about the ---

BY COMMISSIONER McLAURIN: That it is unfair in our economy that this industry should be subject to more control or supervision than the protected industries in Central Canada receive.

BY MR. COHEN: Of course this is a matter of argument and we will all be summing up our views at the end. I don't want to burden the Commission with intermittent arguments from time to time.

BY COMMISSIONER McLAURIN: I am not arguing.

BY MR. COHEN: No, but it puts me in the position where if I make a reply I may be thought to be arguing. How far would you say the public of Canada is entitled to go by way of supervision or otherwise if it extends the assistance that you say should be extended so that the industry can function and supply the complete market? And let me say at once that if you would rather not answer that I don't want to seem to be pressing something on you.

A Well, I will answer that.

Q It perhaps is not fair to ask that of anybody, but a very kindly gentleman by the name of Cross ---

A I don't see where ---

BY COMMISSIONER McLAURIN: Here is his answer.

A I don't see where there would be any necessity for any supervision by the Government.

Q Now just one closing item that I think flows nicely out of that. You had some discussion with my learned friend Commission Counsel yesterday about help to mining and so on until the economic value had been exhausted. Now by economic value you refer to what, to the profits that might accrue to the Company or to the value that the product might have to the Dominion of Canada?

A You are referring now to what?

Q Well, I don't know that it appears in so many words in the brief but I remember there was some discussion between yourself and Mr. Frawley about the economic value suddenly being exhausted and I wondered whether you were thinking in terms of whether it paid the Dosco Company or any of its subsidiaries or whether you were thinking in terms of the interests of the public of Canada?

A What I was thinking of was in terms of the cost of producing that coal, with of course the price obtainable for the product in the market.

Q Less the assistance that you would be getting from the public?

A Naturally.

Q So that the public treasury or the public of Canada in effect would have to decide at what point the economic value of lending assistance to this industry had or had not been exhausted?

A That's right.

Q And if in fact the public of Canada and the Dominion of Canada as an integrated nation should feel that no matter what the cost, within reasonable limits as decided by events of the last few years, Canada should secure as much as it could if not all of its coal supplies and needs and was prepared to pay for it, that would be a matter for the public of Canada to decide upon, isn't that right?

A What you mean, or what you seem to imply, is that the Government of Canada would decide how far it would go with the assistance they would render to the industry?

Q Yes, they can decide how little of the coal they want, in which case the amount of assistance that the public of Canada will be asked to give through taxation of one sort or another will be governed, or they can decide how much of the coal they want, in which case the decision also will be governed. That is the net result, is it not?

A That's right.

Q That is the decision that has to be made by the people of Canada, to what extent they need this coal?

A That's right.

Q And of course you would certainly at least agree with me on this, that it would be the responsibility of the Dosco corporation, or of any of the independent companies in Nova Scotia or elsewhere who were serving the Dominion of Canada that way at the cost of the Dominion of Canada, it would be the responsibility of these mining interests to administer their affairs with the greatest possible efficiency and to use every expedient that could be used to maintain a large volume of production and a full measure of employment, isn't that right?

A That's right.

Q And in that way lessen the burden on the Canadian people?

A That's right.

Q There would be that responsibility resting on the corporations that would be benefiting?

A That's right.

Q But whether or not the corporations are living up to that responsibility you think that is a matter that the public of Canada through its government has no right to supervise or regulate?

A Well, you seem to imply by that that the corporations are not prepared to do that.

Q I do not imply, I don't even suggest, but what I want to know is whether in your view having agreed, and I would be surprised to find that you would associate yourself with any other proposition, that that responsibility rests upon the companies, I ask you whether in your view the government of Canada is entitled to at least satisfy itself that that responsibility has been discharged and where it fails it is not to indicate and say what should be done?

A No, I would not agree with that.

Q Would you agree that they at least have the right to inves-

tigate and satisfy themselves that the responsibility has been discharged, or is that something that should be taken for granted?

A No, they could do that.

Q And by what agency would you suggest that be done?

A Well, at the present time they have a Coal Controller who is doing that.

Q Would you suggest the continuance of the Coal Controller or the functions of the Coal Controller?

A If it were necessary, yes.

Q Well, in the circumstances I indicated, that is if the war is over and the public says, we need all the coal that can be produced, we agree with the Dosco people when they say this is a matter of national importance and that it relates to national defence, and consequently we are going to try to limit or wipe out completely our dependence on outside sources, we are going to spend money to get that done by a bridge on the railway, by keeping up subventions, encouraging research. Now then, under those circumstances would you then agree that the office and functions of the Emergency Control Board and the Coal Controller should under those circumstances be continued?

A Yes, he might very well be continued.

EXAMINED By Mr. Frawley.

Q You say at the bottom of page 3 of the brief that there should be assistance either by transportation subventions or by other means. What other means did you have in mind?

A Well, there are duties on coal, tariffs.

Q Well, we have duties and the excise tax, the ordinary customs set-up, and then the freight subventions. Those are the things you mean?

A That is what I had in mind.

Q You didn't have in mind what are called production subsidies?

A No, not unless it was extremely necessary in a case of emergency.

- Q Don't you think that since you are getting into this question of subsidy, of actually using federal money to make both ends meet, that is cost and price, you are into a pretty indefensible area then, when you remove the war, I mean?
- A Yes, you are.
- Q And don't you think that if you had to go to that extent and had to ask for a continuation of production subsidies, that then you are getting pretty close to inviting the government to come in as a sort of partner in your business?
- A You might say so, but on the other hand subsidies were passed to the wheat growers in Saskatchewan and Alberta. Did the government become partners in the farming operations?
- Q I don't know that they became partners in the farming operations and they advanced aid in a great many ways but I don't know that they have just done what is being done during war-time and that has actually made up the difference between cost and price. But in any event, Mr. Gordon, would you not think--I don't suggest that the government should just at that moment walk in and manage your business, but wouldn't you be then getting to a point where it would be getting pretty reasonable for the government to expect to exercise a certain measure of control over the operation?
- A They might exercise a certain measure of control but I certainly would not suggest that they take any part whatever in the management or direction of the operation.
- Q You are probably one of those people who are consistently opposed to government managing private industry?
- A I am.
- Q You spoke of the continuation of coal control and as I understand that coal control it sends you out a form called 4F something and asks you to fill up that form, which as I understand it, forms the basis of the determination of what your costs are?
- A Yes. I should point out that Old Sydney Collieries is not interested in form F4A.

BY COMMISSIONER MORRISON: That is being discontinued anyway.

BY MR. FRAWLEY: Old Sydney Collieries or Form F4A? Without being flattering I would like to get some opinions from you, because I think you are in a position to help the Commission, wouldn't you think that probably the people who are going to continue to pay out these aids must know pretty exactly what is happening to your costs from week to week and month to month?

A Yes.

Q Now do you mind telling me why you opposed this particular sub-lease that Mr. Cohen was asking you about, the lease on Alder Point?

A Because I wanted it for the Old Sydney Collieries.

Q What do you think about this as a fundamental proposition, that competition is rather a good thing in the coal industry, like in any other industry?

A I say in answer to that question, Mr. Frawley, that for the sake of the Sydney coalfield it was a very good thing during the last half century that the coal areas were in the hands of one or two operators.. The place would have been ruined long ago if it had been in the hands of a number of independents.

Q This coal field has brought itself to its present state of perfection or imperfection because, you say, it has been in the hands for fifty years of one or two companies that have controlled it?

A I will put it this way: had the areas been in the hands of a number of competing companies the field would probably have been ruined by this time.

BY THE CHAIRMAN: As a development?

A As a development.

BY MR. FRAWLEY: What do you mean by ruined?

A Because none of those smaller companies could possibly have attempted to undertake the work necessary to operate those submarine areas.

BY COMMISSIONER MORRISON: You believe in a closed shop, in other words?

A I didn't say so, sir.

BY MR. FRAWLEY: You think that certainly the leasing of these areas in large blocks to these two companies--one company now but originally two--has tended towards what? The conservation of the coal reserves?

A Well, when the operators of a large submarine area are entered on that mine--these submarine operators must be large collieries; the technical knowledge, the expert services required by these operations are large, are costly; no small company could possibly afford them; The size of the operations themselves are very large, the amount of money involved is large, so that these smaller operators would have been forced to abandon their operations due to high costs, excessive costs, long before the areas entered into and at present being worked by these companies could possibly have been reached.

Q Well, high costs have been putting you in the position where you cannot continue to operate without government assistance?

A This is an emergency. Such was not the case, apart from some small subventions, prior to the war.

Q What was the emergency? The war period, you mean?

A Well, the emergency was such that they created the coal industry throughout Canada an emergency industry.

Q You mean the war was an emergency?

A Yes.

Q It is because of the war that the costs have gone out of hand?

A Yes.

BY THE CHAIRMAN: Just to develop that for a moment, once a mine or a seam leading into a submarine area is given up about the time that it gets into the submarine area, what is the result of attempting to develop that submarine area afterwards?

A It is a very costly business, sir.

Q We have some notable examples in the Morien district, I think?

A Yes, that is one example where it will be a very costly business to get at the remaining coal in the seam in the submarine reaches.

BY MR. FRAWLEY: But even with a large company like your parent company won't the time be reached when the large costs will require the abandonment of the mine?

A It is possible; it is certain. Of course that day may be put off by better, more efficient methods as they become developed; better machinery as it becomes developed, and so on.

Q What I am concerned about is this philosophy of yours that that can only be done by one company?

A Well, I will put it this way: if there had been a number of operators operating those seams, the operations would probably have ceased 20 years ago, or more than that.

Q That may be so. You mean to say a whole host of smaller operators certainly would not be in the interests of the field?

A No, it would have gutted the crop.

Q But what you were being questioned about a while ago, a particular application of a particular company, and I know very little about the Bras d'Or Coal Company but I had the impression--I may be wrong--that these people had made a fair success of coal mining, had they not?

A In a small way.

Q What would have been the harm to have permitted them to operate on the Alder Point property?

A I have already said I wanted the area for the Old Sydney Collieries. Two can't operate on the same place.

Q It is just simply a case of, "I have got it; my parent owns it"? You prefer to leave the answer just like that?

A Yes. You must not forget that the Bras d'Or Coal Company was not refused an extension of the sub-lease.

Q I took it that you had advised against it?

- A Against giving them that area at Alder Point.
- Q Because you felt you had an option on it because of your relations with Scotia?
- A Not an option on it, but certainly we had first right.
- Q That I can understand; that is a perfectly human attitude, but would it or not be a good thing for this industry to permit the Bras d'Or Coal Company to mine coal, or otherwise in a few years we will be facing a situation here where nobody will be mining coal but Dominion and its subsidiaries. Is that good or bad?
- A On the whole I should say that it would be a good thing.

12.10 P.M. - COMMISSION ADJOURNED

AFTERNOON SESSION

The Commission reconvened at the Court House, Sydney, at 2.00 P.M.

E. M. MACDONALD, K.C.: Mr. N. T. Avar, President of the Independent Coal Operators, desires to read a brief before the Commission.

BY MR. FRAWLEY: You live in Amherst, Nova Scotia?

A Yes.

Q And you operate coal mines in the Joggins district of Nova Scotia?

A Yes.

Q And you are also president of the Independent Coal Operators Association of Nova Scotia?

A Yes.

Q And the Association includes in its membership independent mines in the Cape Breton area as well as in the Joggins area and Pictou County and other areas?

A Yes.

Q And you are here in that capacity today to make a submission to the Commission?

A Yes.

Q Will you proceed then?

BY THE CHAIRMAN: The British Coal Co. Ltd., Inverness, Cape Breton, is that an incorporated company? I suppose it is under this name?

A Yes.

Q Does that take in those individual operators there? As you know there is the Campbell concern and a Mr. MacDonald from Sydney. Perhaps you don't know them?

A Well, there is an individual brief dealing with the British Coal Company.

MR. AVARD: In addition to those coal mines owned and operated by the Dominion Steel and Coal Corporation and its subsidiaries, there are in the Province of Nova Scotia several smaller mining ventures owned and operated by private enterprise, without, generally speaking, public subscription to their capital stock. Eight of these concerns - seven of them producers and one now only a marketing company - have formed themselves into an association known as the "Independent Coal Operators Association" in an endeavour to further their mutual aims and to assist one another in the problems which are peculiar to the smaller operator.

The names of these concerns and their locations - three of them being on Cape Breton Island, and the remaining five on the mainland - are as follows:

The Bras d'Or Coal Co., Ltd.	Bras d'Or, Cape Breton
Indian Cove Coal Co., Ltd.	Sydney Mines, Cape Breton
British Coal Co., Ltd.	Inverness, Cape Breton

On the mainland:

Intercolonial Coal Co., Ltd.	Westville, N. S.
The Greenwood Coal Co., Ltd.	New Glasgow, N. S.
(but operating in Coalburn, Pictou County)	
Hillcrest Coal Co., Ltd.	River Hebert, Cumberland Co., N.S.
Joggins Coal Co., Ltd.	Joggins, Cumberland Co., N. S.
Victoria Coal Co., Ltd.	- Head Office, New Glasgow, N. S.
(the latter being now a non-producer but marketing the products of and owning and leasing the machinery to Hillcrest Coal Co., Ltd. under agreement)	

MR. FRAWLEY: I think it would be advisable to have this

Exhibit marked.

Exhibit 28 - Submissions on behalf of the Independent Coal Operators Association of Nova Scotia.

MR. AVARD continues with brief: It has been thought advisable to put before this Commission a brief historical and factual outline of the activities of each of these concerns, which sketches are appended hereto.

From these outlines it will readily be seen that each individual operator must necessarily have problems which are peculiar to himself and this may necessitate the presentation of these particular problems in individual briefs.

The smallness of the subsidy from the Federal Treasury to cover cost of production presently offered to the Independent Operator (although in some cases not acceptable) shows the efficiency with which the Independent Operators must have carried on through strenuous times, when these subsidies are compared with those paid to other operators. A study of the production sheets of this Association, either as incorporated in the sketches or appended thereto, will reveal that each and every one of them has nobly played its part during the crisis of the past five years, not only in providing coal to its own community but in a national way in keeping our Railways running and the wheels of industry turning, as well as releasing the coal of the larger producers to keep warm the homes of other parts of our country in which the need was great.

There are certain points which this Association wishes as a body to submit to this Commission as being ones which do now or may in the future affect each and every one of them. The general proposition is now put forward by us: that an industry which is, as has been proven, a necessity in wartime, is entitled to full consideration of means for its perpetuation and the provision of markets for it in peace time. We therefore proceed to our submissions:

The situation in this Province today is that Dosco and its subsidiary Companies, Old Sydney Collieries Ltd., Acadia Coal Company, and The Cumberland Railway and Coal Co. Ltd.,

have, under blanket leases, practically all the better and easier worked coal areas in Nova Scotia, and it will later be shown in the individual Sketches the peculiar terms and conditions under which certain of the Independent Operators are permitted by that corporation to operate areas contained in these blanket leases;

1. It is submitted that findings should be made by this Commission that the Provincial Department of Mines should reallocate or subdivide the leases presently held under blanket lease by the one big concern in all those cases which:

(a) it is shown that an established Independent Operator is liable to be forced to curtail or discontinue operations when it is in a position to economically operate in a certain area;

(b) where the established Independent Operator can, by reason of his location, more economically mine contiguous areas with less capital expenditure than the lessee.

In this connection it will be noted from some of the individual sketches that certain seams which have been abandoned by the larger concern as "unworkable" and the coal as "unmarketable", that the smaller operator has operated in the same old workings and found a ready market for his coal, thus conserving our natural resources.

Just because the operation was not "big" enough for the large operator, it was deemed to be unprofitable and therefore abandoned. If only the best quality of coal is to be taken out, then it is evident that a great quantity is to be lost.

It will appear in some cases that mixing in almost equal proportions conserves a lot of our coal reserves and yet provides a good steam coal.

2. This Association desires to go on record as being in favor of the continuation of the present Federal Coal Control after the War, in the belief that some such central power will better be able to direct a fair distribution of this resource.

As an Association we further humbly submit that we, with our record as economical producers and as a national necessity, should be heard as to the choice of a nominee for a resident representative of the Federal Coal Controller in Nova Scotia, whose duty it should be to allocate coal within the Province.

It is not our desire to appear inimical to the larger corporation, as both the large and the small operator is a national necessity, but it must be apparent that with a few weeks' intensive production by the large concern, the markets of the whole of the Maritimes could be flooded for a very long time with the consequent going out of business of the smaller operators. This brings up our third submission:

3. Zoning: From the other briefs put before you it should appear that the Dominion Steel & Coal Corporation has great facilities for the transportation by water of its coal products both from its Cape Breton collieries as well as from those situated in the County of Pictou.

To the smaller operator this is impossible. He has not the volume, the loading facilities, or the ships.

It is imperative that wider markets be sought for the product of that organization to prevent the unloading of their surplus coal in the local market at inopportune times.

In those seasons when the domestic, as well as other markets are dull, we find the big operator stepping into the local market with the result that our mines are idle.

The Independent Coal Operators produce about $12\frac{1}{2}\%$ of the total tonnage of coal mined in the Province of Nova Scotia. In round figures this represents an annual output of slightly more than three-quarters of a million tons, which is approximately the domestic consumption in Nova Scotia exclusive of Railways, steel or bunkers - these figures being based on the average for the past five years.

In normal times the Independent Operators produce more coal than is used in the "domestic" home market.

As has been shown, the St. Lawrence market is closed to them as are also the requirements for the production of steel, as these concerns are subsidiaries of Dosco.

If coal mining is to survive in Nova Scotia, it is submitted that new markets must be sought out and set aside for the big producers, reserving to the "Independent" producer the local or domestic market, and thus obviate the dumping of large quantities of coal on the local market at those times which cause unemployment, hardship and cessation of operations.

4. Depletion: This is a question which affects those operators who are operating under sub-lease but it is one which, it is submitted, should be studied and the present injustice corrected.

The provisions of the Income War Tax Act as contained in Section 5 thereof read as follows:

Section 5. EXEMPTIONS AND DEDUCTIONS - 1. "Income" as hereinbefore defined shall for the purposes of this Act be subject to the following exemptions and deductions:

(a) DEPLETION - The Minister in determining the income derived from mining and from oil and gas wells and timber limits may make such an allowance for the exhaustion of the mines, wells and timber limits as he may deem just and fair, and in the case of leases of mines, oil and gas wells and timber limits the lessor and the lessee shall each be entitled to deduct a part of the allowance for exhaustion as they agree and in case the lessor and the lessee do not agree, the Minister shall have full power to apportion the deduction between them and his determination shall be conclusive.

The interpretation, or rather the ruling, of the Minister under this Section is that the lessee is entitled to the full allowed deduction on income tax for this depletion amounting to 10 cents per ton, and the operator under sub-lease, who risks his capital and actually mines the coal, gets no consideration whatsoever. Surely he should be at least entitled to some portion of this depletion exemption, if not all of it.

As the situation is at present it works a great hardship to private enterprise.

5. Canadian National Railway Requirements: In the summer months of normal times the Independent Coal Operator, if he is to survive, is forced to seek a market for his coal from the Canadian National Railways, this at a time when the large operator is occupied in shipping coal by water up the St. Lawrence for the Railway.

Being in such a position, the Railways adopt the attitude of forcing the price down, with the result that the small producer is obliged, in order to exist, to accept a much lower figure for his coal than it sells for in the open market. The Canadian National Railway pays the Dominion Coal Company and its subsidiaries higher prices for run-of-mine coal than it pays the Independent Operator for screened coal.

Such differential is in no way justified by the difference in the quality of the coal.

In the years before the War, when the Railway was operating at a loss, the Independent Operator had to accept as low as \$4.00 per net ton for his screened coal.

Today the Railways are operating at a profit and the coal mines are only able to keep operating through assistance from the Federal Treasury, but still the price of coal purchased by the Railways is kept down and complaints of failure to fulfill all the requirements of the Railway are accompanied by threats, by no means veiled, that post-war requirements will be purchased from those mines which furnished the higher percentage of their requirements during Wartime. This may well qualify as good cold-blooded business tactics, but it is submitted that the coal mining industry is a national necessity as well as are our Railway systems. They are, more or less, interdependent the one on the other and the coal mining industry furnishes the Railway system with a large percentage of its freight.

The whole question of the requirements of the Canadian National Railways, the seasonal deliveries to it, and the price

paid therefor, should be considered very seriously if the coal industry as a whole is to survive. There is attached hereto a schedule, the figures being taken from the Nova Scotia Mines Reports, showing the amount of Nova Scotia coal furnished to the Railways, and more particularly the tonnage provided by the Independent Coal Operators.

Mr. Commissioners: The above information is respectfully submitted in the hope that it may be of some assistance to you in the solution of this great national problem.

We have tried not to be too local in our submissions, but we do feel that your ultimate findings must be made with a knowledge of all difficulties of this great industry, and hereby individually place ourselves at your disposal for any information which you may require, or see fit to ask for.

SCHEDULE SHOWING AMOUNT OF COAL SHIPPED CANADIAN NATIONAL RAILWAYS BY N. S. COAL PRODUCERS

1939 to 1943 incl.					Data from N.S. Mines Report			
Year	<u>Bras d'Or Coal Company</u>		<u>Intercolonial Coal Co.</u>		<u>Joggins Coal Company</u>		<u>Indian Cove Coal Co.</u>	
	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>
1939	12,246	9.1	101,117	66.7	7,295	31.0	15,557	29.4
1940	18,536	12.4	146,986	66.4	33,764	38.5	19,710	35.4
1941	20,452	10.9	110,644	62.2	47,841	43.4	16,159	30.5
1942	13,453	9.0	78,472	46.2	44,033	36.9	9,144	22.2
1943	11,282	8.0	57,416	34.5	39,786	30.3	3,108	6.7

Year	<u>Greenwood Coal Company</u>		<u>Mar. Coal Rly. & Power Co.</u>		<u>British Coal Company</u>			
	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>		
1939	25,006	69.8	10,267	34.7	33	0.6		
1940	44,764	82.9	--	--	76	1.3		
1941	27,132	63.3	---	--	--	--		
1942	11,590	31.2	--	--	--	--		
1943	215	0.6	--	--	--	--		

SCHEDULE (continued)

<u>Year</u>	<u>Victoria Coal Company</u>		<u>Standard Coal Company</u>	
	<u>C.N.R.</u>	<u>% of Output</u>	<u>C.N.R.</u>	<u>% of Output</u>
1939	19,196	41.6	3,884	16.2
1940	31,459	53.2	3,730	7.5
1941	13,878	49.1	4,407	7.0
1942	--	--	5,928	8.2
1943	--	--	6,160	9.5

TOTAL RAILWAY COAL

<u>Year</u>	<u>D O S C O</u>	<u>% by Dosco</u>	<u>INDEPENDENTS</u>	<u>% by Independents</u>
1939	556,624	64.0	200,214	36.0
1940	724,464	54.6	329,309	45.4
1941	763,956	67.2	251,082	32.8
1942	934,984	81.8	170,321	18.2
1943	938,777	87.1	121,371	12.9
Total	3,918,805		1,072,297	
Yearly Average	783,761	72.6	214,459	27.4

BY MR. FRAWLEY: In the sketches as you sketch them is it purely historical? Are any of the propositions which you discuss in these first seven pages, are they given any local application or any particular application in the sketches of the individual companies?

MR. AVARD: In the individual companies they are, yes.

BY MR. FRAWLEY: The reason I asked that, I don't think we want it read into the record if it is purely historical.

BY THE CHAIRMAN: I think it is very important to have it read into the record, from the Commission's viewpoint, because I think it will show reasons in some cases why things should be done that Mr. Avard says should be done, and in other cases that they should not be done. One of the things you must take into consideration is the historical aspect of it.

BY MR. E. M. MACDONALD: I might say that there are representatives of the different companies here who might answer any questions that might arise from the reading of these sketches.

BY COMMISSIONER MORRISON: Mr. Avar as president of the Association is to speak for all these companies?

MR. AVARD: I think it would be preferable, as far as direct information is required about any of the individual companies, that they should be answered by representatives of the individual companies.

BY MR. FRAWLEY: If we are going to read it I think we had better get on with the reading of the first sketch.

BY THE CHAIRMAN: If there is nothing of a controversial nature in these notes--I don't know; I haven't read them--then we could save a little time by simply passing these notes over to the stenographer and having her put them in the record. I presume that you have read this thing?

BY MR. FRAWLEY: Well, some of it, yes.

BY THE CHAIRMAN: You don't want to keep it out of the record?

BY MR. FRAWLEY: Not at all, no.

BY THE CHAIRMAN: Oh well, that suits me. I want to have it as part of the record and not as an exhibit.

BY MR. FRAWLEY: What I was talking about was the note appearing on the third page of the Bras d'Or Company sketch, which does raise the question of whether the lease is satisfactory or not. That does raise more than an historical question. I think Mr. Avar should read it through.

HISTORY AND SUBMISSIONS OF
BRAS D'OR COAL CO., LTD.

MR. AVARD: The Bras d'Or Coal Company, Limited, was incorporated in 1916 for the purpose of operating the coal areas formerly held by the Colonial Coal Company, Limited. The Colonial Coal Company had been forced into liquidation by losses in operation.

The shareholders of the Bras d'Or Coal Company were the same ones who sustained the loss of the Colonial Coal Company liquidation.

At this time the Company had in operation one mine, known as "Colonial", and were mining coal from a slope that had been developed in the year 1833 by The General Mining Association.

In 1918 the Bras d'Or Coal Company's coal areas being almost depleted, it made an arrangement with one Samuel Bennett of Boston, a foreigner, who owned the adjoining area, to extract the coal from his lease on a basis of 6 cents per ton. This was a small area, only 1/4 of a square mile, and was soon worked out. Subsequently, in 1920, similar arrangements were made with the Nova Scotia Steel & Coal Company, Limited, to mine coal from their idle leases. The royalty payable to Scotia was 10 cents per ton. It is interesting to note that the areas sub-leased by Scotia to Bras d'Or were of inferior quality and that in 1925 Scotia was forced to suspend all their operations in this grade of coal.

BY THE CHAIRMAN: Now there is one of the things, you see, idle leases. Does that refer to leases that had been operated or had never been operated?

BY MR. MACDONALD: Mr. Burchell is here, Mr. Chairman.

BY THE CHAIRMAN: I think it would be better to let the men who are operating these individual companies read these briefs and be subject to examination on them.

BY COMMISSIONER MORRISON: What is your company?

MR. AVARD: Joggins.

Q Well, you will be coming back then?

A Yes sir.

BY MR. FRAWLEY: I wonder if Mr. Burchell could come up here.

BY THE CHAIRMAN: And continue reading that brief. You can start where Mr. Avard left off. What about this: "Arrangements were made with the Nova Scotia Steel & Coal Com-

pany Limited to mine coal from their idle leases."

MR. BURCHELL: The leases that were not being operated.

BY THE CHAIRMAN: It included virgin coal as well as developed coal?

MR. BURCHELL: Correct.

BY THE CHAIRMAN: Now is that the fact in regard to your company, that they started to operate some leases there which had not been operated by Nova Scotia Steel & Coal?

MR. BURCHELL: Yes.

BY THE CHAIRMAN: You can go on and read now.

MR. BURCHELL (reading) During the First World War the market conditions were good and the Bras d'Or Coal Company's operation was a profitable one. The profits so made were all used to purchase equipment and develop the mine.

In 1917 another mine was opened, but due to poor quality coal, difficult roof conditions and lack of a post-war market it was closed in 1925.

In the year 1939 a small opening was developed in another seam, which overlies the seam in which "Colonial" Mine is operating. It was the intention to make this a small waggon mine to supply the local market as the quality of coal did not warrant operation on a large scale. However, in 1940 at the request of the Federal Coal Controller a modern screening plant was built to prepare a special type of dustless stoker coal for the R.C.A.F. stations in the Maritimes. At this time the mine, which is now known as "Franklin", was enlarged and up-to-date/mechanical loading equipment installed. This was done to maintain the production in the face of the then serious manpower shortage. The Bras d'Or Coal Company had in 1939 293 employees. Of this number, 124 enlisted or were called for Military Training. The Franklin Mine of the Bras d'Or Coal Company was the first mine in Eastern Canada and is still the only one, to load coal underground mechanically.

A few years ago it was decided to close "Colonial" Mine, as the underground haulage distances had become too great and

the lessor would only permit the extraction of $42\frac{1}{2}\%$ of the available coal. Those conditions made it unprofitable to continue mining from this opening. The Coal Controller did not see fit to grant permission to close the mine and agreed to make up the operating deficit which would occur. The haul had reached a point where the distance from the face was approaching three miles; this, coupled with the reduced output due to manpower shortage and the loss of the surface preparation plant by fire warranted a cessation of operations.

It was estimated that a capital expenditure of approximately a quarter of a million dollars would be required to put this property on an economic basis. The Coal Controller would not entertain the Company's suggestion for assistance in this connection so the deep workings were abandoned. Since that time and as an assistance to the country's war effort, the mine has been kept operating by mining in a section of old workings near the surface.

The operators of the Bras d'Or Coal Company own the stock of the Company, are native Canadians, and live in the community in which the mines are located. They are interested in the welfare of the district and of the Province. No dividends have been paid except 1% on the Preferred Shares in 1932. Earnings of the Company are put back into the property to provide the necessary funds for equipment and the payment of royalties.

The present sub-lease agreement under which we are operating is not satisfactory, as a maximum rate of production is set by the lessor, that must not be exceeded and the amount of the royalty can be increased at the whim of the lessor. We hold that 1 cent per ton royalty would be a fair value to place on undeveloped low grade coal and is, to our knowledge, a higher value than has ever been placed on the coal in any area sold in Nova Scotia.

This Company has had in operation for the past 20 years an Employer-Employee Group Insurance scheme whereby every

employee gets the benefit of low cost life insurance. The Company's contribution to this insurance has amounted to almost \$30,000.00 during this period.

The present rate of Federal assistance paid the Bras d'Or Coal Company is 18 cents per ton.

Since 1916 this Company has paid almost \$575,000.00 in royalties.

A schedule showing our markets from 1922 to 1943 is hereto attached, as well as a table showing output and the number of employees from 1914 to date.

BRAS D'OR COAL COMPANY LIMITED

C O A L S A L E S

<u>Year</u>	<u>Output</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Nfld.</u>	<u>P.E.I.</u>	<u>Quebec</u>	<u>St. Pierre</u>
1922	93,900	22,851	51,744			5,868	154
1923	122,886	30,054	75,501		422	14,476	586
1924	74,792	26,330	46,915		126	56	
1925	74,138	41,105	24,656	1,847	1,039	108	
1926	62,577	40,496	12,841	300	1,782	555	
1927	79,798	50,856	17,446	551	1,777	3,425	
1930	112,413	76,838	23,744	516	4,150	3,101	
1934	87,097	56,413	6,553	8,451	6,272	6,220	
1935	97,646	61,283	7,982	8,063	6,566	7,157	3,946
1938	115,713	46,851	5,495	2,141	6,107	38,723	1,604
1939	123,355	54,641	5,009	1,781	5,577	32,961	1,735
1940	148,400	53,733	5,851	1,823	5,268	57,403	1,924
1941	188,153	85,156	8,974	6,677	14,175	44,956	3,263
1942	149,298	77,368	7,477	5,744	7,707	32,431	1,006
1943	142,465	76,248	28,615	1,214	7,156	17,626	897
Total	1,672,631	800,229	328,803	39,108	68,124	265,072	15,115
% for 15 yrs.		47.8	19.7	2.3	4.1	15.2	0.9
Average Yearly Output	-	111,508 tons					

BRAS D'OR COAL COMPANYCOAL SALES (Cont'd)

<u>Year</u>	<u>Railways</u>	<u>Ontario</u>	<u>Bunker</u>	<u>United States</u>
1922			2,633	10,564
1923			1,846	3,001
1924			1,365	
1925			4,307	
1926			6,165	
1927			4,351	
1930			3,246	
1934			2,400	177
1935		28	1,827	
1938	10,246		3,867	
1939	12,246	6,647	1,961	
1940	18,536	41	2,439	
1941	20,452		4,699	
1942	13,453		2,692	
1943	11,282			
Total	86,215	6,716	43,798	13,742

BRAS D'OR COAL COMPANY LTD.TABLE OF OUTPUT AND EMPLOYEES, 1914 - 44

<u>Year</u>	<u>Tonnage</u>	<u>Employees</u>
1914	53,134	137
1915	56,909	128
1916	44,357	
1917	42,126	
1918	49,924	
1919	41,324	
1920	112,825	
1921	75,455	
1922	115,122	251
1923	102,041	328
1924	68,344	226
1925	80,143	160
1926	70,109	158
1927	75,637	172
1928	77,318	
1929	104,986	
1930	105,368	198
1931	87,438	
1932	62,096	
1933	65,314	
1934	97,652	178
1935	96,316	211
1936	103,988	224
1937	122,572	239
1938	117,054	270
1939	125,713	293
1940	148,595	306
1941	188,842	428
1942	143,819	370
1943	129,774	313
1944	<u>122,180</u>	349
Total	2,866,475	
Average	92,467	

No. employees presently in Armed Services - 85

No. employees joined Armed Services - 124

No. employees presently Overseas - 52

DAVID BURCHELL Sworn as to factual Evidence. Examined by Mr. Frawley.

Q To make it quite clear, you say that in 1920 you made arrangements with the Scotia Company to mine coal from their idle leases? The Chairman asked you and you say at that time those were arrangements to mine coal from their undeveloped workings which had not had workings on them at all?

A That is rather difficult to answer. Their leases are all under one blanket lease.

BY THE CHAIRMAN: You went in in many of the old workings that the Nova Scotia Steel and Coal Company had made?

A In seams in which they had old workings.

Q And you got there how? By developing new entrances to the mine?

A No, there was an old slope on the property.

Q That is what I am getting at, and is that true of all your workings over there that you had to sub-lease from the Nova Scotia Steel and Coal?

A That's right.

Q That is what I mean. These were idle mines that you were given the right to operate, not virgin coal which had not been touched or operated?

A That's right.

Q And of course you had the advantage of being supplied with your openings to the mine and so on and so forth?

A Right.

Q Operations which had been done by the Nova Scotia Steel and Coal?

A Not the Nova Scotia Steel and Coal.

Q Well, whatever company operated?

A Yes.

BY MR. FRAWLEY: You say that Colonial has been closed because the underground haulage distances had become too great and the lessor would only permit the extraction of $42\frac{1}{2}\%$ of the available coal. What do you mean by that?

A Well, under the terms of our lease, the agreement, we are required to leave $57\frac{1}{2}\%$ of the coal in the mines in the form of pillars for roof support.

Q In other words you are talking here about a term of the lease?

A Right.

Q And why did you enter into that agreement to only extract $42\frac{1}{2}\%$?

A Because of the fact that the workings of Florence Colliery overlies the workings.

Q Where you took a lease from this company and you were not operating under another colliery was there any such restrictive covenant?

A No.

Q On page 3 you say this: "The present sub-lease agreement under which we are operating is not satisfactory, as a maximum rate of production is set by the lessor, that must not be exceeded." What do you mean by that?

A Well, there is an agreement between the Scotia and the Bras d'Or Coal Company whereby we are not permitted to produce more than 700 tons of coal per day.

Q Is that agreement a term of the lease?

A No.

Q Is it evidenced by any other agreement in writing?

A It is covered by letters.

Q What is the purpose of setting that maximum rate of production which you must not exceed? When I say the purpose of it, was that the subject of discussion between you, or the subject of negotiation?

A That was one of the terms under which they agreed to sub-lease the area.

Q What was in their minds? From what they said to you what was in their minds in fixing 700 tons as a maximum which you could take out?

A Well, that is rather difficult for me to answer, Mr. Frawley.

Q Were you present at the time of the negotiations?

A No, I was not.

BY COMMISSIONER McLAURIN: Hasn't he heard from somebody else?

BY MR. FRAWLEY: Can you tell us the purpose of this limiting provision?

A I can't tell you the purpose of it. I can express an opinion.

Q An opinion from what you have learned?

A Yes.

Q What is that then?

A The only reason of having that in the agreement must be to

limit our output so that the Scotia Company or Dominion Coal Company will have less competition in the markets.

Q Have you got any of those letters with you, Mr. Burchell?

A No, I don't think I have. No, I am afraid I haven't that letter.

Q But there are letters in existence which deal with this question of limiting production?

A Right.

Q And you say that was entered into when, just in point of time, can you tell me? You speak of the present sub-lease agreement. What is the date of that?

A Well, there are a number of sub-lease agreements existing at the present time.

Q This limitation of 700 tons a day applies to all of the sub-leases?

A That's right.

Q It overrides them all?

A That's right.

BY COMMISSIONER McLAURIN: 700 tons a day would be how much in a year, approximately? My arithmetic is pretty bad but I make it 175,000 tons.

A Your arithmetic must be all right.

Q And what is the production?

A Last year 123,000 tons.

Q So that, on an annual basis you never get near the limiting figure?

A That's right.

Q So that viewing it from an annual condition it never hurt you?

A No, but our output is considerably below normal at the present time.

BY MR. FRAWLEY: What is the greatest tonnage you have ever taken out in a day?

A Approximately 700 tons. We have some years ago produced that much.

Q What I would like to know is whether this is the real thing, you have observed this covenant or this understanding?

A, Oh yes.

Q Have there been occasions when you could have exceeded it if it had not been for the existence of this covenant?

A It is possible we may have if it had not been there but naturally with that restriction we weren't willing to provide proper facilities to increase that.

Q Just exactly what I was going to ask you. Has the existence of this covenant shaped the nature of your operations?

A Absolutely.

Q You say: "The amount of the royalty can be increased at the whim of the lessor." Is that something that is written into the lease?

A It is.

Q Is there some other clause going along with it that says it can be increased?

A No, the approximate wording of it is that after the war they reserve the right to adjust the royalty upward either by mutual consent or by arbitration.

BY COMMISSIONER MORRISON: Or downward?

A There is no mention made of downward.

BY MR. FRAWLEY: Mr. MacNeil, would you be good enough to arrange to get a copy of Mr. Burchell's lease which he is now talking about?

MR. MACNEIL: I wonder which one he is talking about.

MR. BURCHELL: May 1942 I believe it is.

BY MR. FRAWLEY: And also would you be good enough to produce this correspondence which the witness has just spoken about, dealing with the 700 tons a day?

MR. MACNEIL: I never heard of that.

BY MR. FRAWLEY: Now: "We hold that 1 cent per ton royalty would be a fair value to place on undeveloped low grade coal and is, to our knowledge, a higher value than has ever been

Q Is there anything in your lease dealing with depletion?

A No.

Q And when you make your income tax reports every year to the Minister of National Revenue do you claim depletion?

A We have in the past and it has been granted.

Q. How about the Scotia Company claiming it?

BY THE CHAIRMAN - I think there has been something in that other Brief about that very thing. Why should he complain about something that he does not own?

BY MR. FRAWLEY - The clause in the Statute provides: "The Minister in determining the income derived from mining and from oil and gas wells and timber limits may make such an allowance for the exhaustion of the mines, wells and timber limits as he may deem just and fair, and in the case of leases of mines, oil and gas wells and timber limits the lessor and the lessee shall each be entitled to deduct a part of the allowance for exhaustion as they agree and in case the lessor and the lessee do not agree, the Minister shall have full power to apportion the deduction between them and his determination shall be conclusive." Has the Minister ever apportioned between you and the Scotia this exhaustion allowance?

A. No.

Q. Have you applied to him to make such apportionment?

A. Yes.

Q. With what result?

A. He refused to do so saying the lease holder was entitled to the depletion.

Q. In this case the sub-lessor, Scotia?

A. Yes.

BY THE CHAIRMAN - You say the sub-lessor was entitled to the depletion?

A. No, the lessor.

BY MR. FRAWLEY - Scotia is the sub-lessor?

A. Scotia is the lessor.

Q. It is your Lessor?

A. They hold the lease.

Q. They are Lessees from the Crown?

A. Yes.

Q. We need not get into words, I think I am right perhaps, but we will not pursue that. Now this Scotia Company applies for

and gets this depletion allowance?

A. That is right.

Q. And you have applied for it but have been refused?

A. Right.

Q. And that is in face of the Statute which has been put in the Independent's Brief, that the Minister has the right to allocate that between you?

BY THE CHAIRMAN - He must have given those words some interpretation that they didn't dare?

MR. COMMISSIONER McLAURIN - Is there anything in the Scotia?

BY MR. FRAWLEY - The lease is silent on that point.

BY THE CHAIRMAN - They interpret the Lessor the absolute owners of the coal who were leasing to operators like the Dominion Coal or the Nova Scotia Steel & Coal.

BY COMMISSIONER MORRISON - The absolute owners would be the Nova Scotia Government.

BY THE CHAIRMAN - I am only taking how it applies in this Province. There may be places in Canada where that section would absolutely apply and the sub-lessee would be entitled to this depletion. They must have read something like that in it.

BY MR. FRAWLEY - "In case the Lessor and Lessee do not agree". Do you say that only applies to the Nova Scotia Government and the Scotia?

BY THE CHAIRMAN - Yes.

BY MR. FRAWLEY - And does not include the sub-lessor and the sub-lessee?

BY COMMISSIONER McLAURIN - We will have to look into this more.

BY MR. FRAWLEY - On Mr. Burchell's particular business I don't think I have anything more to ask.

EXAMINED BY MR. COHEN - How many leases have you, or lease arrangements, with the Scotia Company? You mentioned one, May 1942.

A. I think six.

Q. And do they cover different properties, or do they succeed each other in respect to the same property?

A. They succeed each other.

Q. They were entered into at the outset for stipulated periods?

A. Yes.

Q. And the one in 1942 for what period?

A. I believe 10 years.

Q. And I am not clear as to this revision of the royalty that you spoke of. You say it is a provision that goes into effect at the close of the war. Is that the way it reads?

A. There is a provision in the 1942 Agreement whereby the Scotia Company can increase the royalty after the war.

Q. As I understand it the Lease is going to be produced, so that will speak for itself. Just one or two more questions. Are your employees members of the United Mine Workers?

A. They are.

Q. And you are under contract with the United Mine Workers?

A. Yes sir.

Q. And how are your relations with them?

A. Our relations have always been mutually satisfactory with them.

Q. You have no complaints of the conduct of either the men or the Union?

A. None whatever.

Q. And I understand you furnish the machinery and so on, that is lay out the capital required in order to be able to mine the coal?

A. That is right.

Q. And is there any provision in the lease that enables you to be recouped for that in any way at the end of the period, or does it remain in the property?

A. It remains.

Q. Then having laid out the capital you feel you should be allowed the depletion?

A. That is our interpretation.

BY COMMISSIONER MORRISON

Q. How many men do you employ?

A. 325.

Q. What is your production per man at that mine?

A. At the present time we are running about 1.87.

Q. That is your over-all picture?

A. Yes.

Q. And what is your production at the coal face?

A. Almost 7 tons per man.

Q. How do those figures compare with the production say for the year 1939?

A. Well I have not the actual figures with me for 1939, Mr. Morrison, but I do know that the present figure is somewhat lower than at that time.

Q. Were you mechanized in 1939?

A. No.

Q. So with your mechanization your production per man has not increased?

A. It has in the Franklin Mine where the mechanical equipment is being used.

Q. You operate more than one mine?

A. We operate two.

Q. Would you give me the production per man at each mine. We will take the Franklin first?

A. The Franklin is the newer mine.

Q. How many men there?

A. 115.

Q. And what is your production per man at the Franklin?

A. Slightly over 2 tons. I have not the exact figures.

Q. Would it be fair to say $2\frac{1}{4}$? It is not $2\frac{1}{2}$?

A. No.

Q. Approximately $2\frac{1}{4}$?

A. Yes.

Q. And that is the mechanized mine?

Yes. Right.

Q. How does that production compare with the production prior to your mechanization?

A. There was no production there prior to mechanization.

Q. What is the name of your other colliers?

A. Colonial.

Q. How many men do you employ there?

A. 225.

Q. And the production per man at that colliery?

A. 1.44.

Q. And at the face?

A. Six.

Q. And at the other it would be perhaps 8?

A. Yes. Those figures are just approximate.

Q. Do you sell coal to the Canadian National Railways?

A. We do.

Q. And how do you negotiate your contract with the Canadian National Railways?

A. We have never been able to negotiate a contract with them.

Q. Do they adopt the attitude that we will take so much of your coal, and take it or leave it?

A. That is right.

Q. Do you sell to the Canadian Pacific Railway?

A. No, we don't.

Q. Do you know of any business where the consumer places the value on the product, any other business?

A. No.

Q. Nor do I sir. You don't think it fair Mr. Burchell?

A. I don't.

Q. Now what about this differential in price between your coal and the coal sold by the large corporation?

A. There is a differential in the quality of the two coals.

Q. We are not talking about comparable things then?

A. That is right.

Q. So your price may be higher than they are getting for the the higher grade coal?

A. The basis is not price, we don't think.

Q. What is the basis?

A. I don't know.

Q. The Canadian National Railways determine it?

A. Yes.

Q. You have been operating for some time?

A. Yes.

Q. I am very happy to hear of your relationship with the United Mine Workers. Have you a closed-shop agreement?

A. Yes, I think we have.

Q. So you have no objection to a closed-shop agreement? You have found it quite satisfactory?

A. That is right.

Q. And you don't think it is undemocratic, as has been suggested here recently?

A. It is not if it is the wish of the majority.

Q. Naturally. Constitutional Government. Thank you Mr. Burcholl.

BY MR. COHEN - There is one item that I overlooked, as to whether this witness can give us the age distribution of those employees and whether it includes supervisors. Would you get us that?

A. Yes sir.

EXM. BY MR. FRALEY

Q. The Brief makes a submission that the domestic market should be left with the independent producer, and the major company should go out and search out the far markets. Have you had any experience with dividing up the market in that way? Ever been any attempt to do that?

A. Not to my knowledge.

Q. At the present time the large company seeks business in the Maritimes in competition with yours?

A. Oh yes.

Q. And do you seek business in Ontario and Quebec in competition with the major company?

A. We do.

Q. Have you some selling facilities in Central Canada?

A. We did have prior to the war.

Q. They were interrupted because of the Coal Control in telling you to supply certain markets?

A. Right.

Q. How did you reach those markets, by water or rail?

A. Both. Principally by water.

Q. How did you arrive at the price at which you would offer that coal in Montreal? On your own, or did you follow a price established by someone else?

A. No, we established the price in accordance with the quality of the coal.

Q. To be perfectly fair, you didn't simply adopt a price fixed by the Dominion Coal Company?

A. No, we would not have sold the coal if we had done that.

Q. Why do you say that?

A. Because the coal is of lower quality.

Q. So you had to establish your own price at something under that?

A. That is right.

Q. This morning Mr. Burchell, Mr. Gordon was asked with regard to an application made by your Company to the Scotia Company for some coal areas at Alder Point. Was that a worked property, an operated property, or was that virgin coal?

A. I believe there was one small mine in that district some years ago.

Q. Very briefly, what was your application to the Scotia Company, the nature of that application?

A. Simply a request that they sub-lease us an area in the Alder Point District to work the coal under conditions similar to what we had been working in the past.

BY THE CHAIRMAN - Including the 10¢?

A. It was assumed that way, that we would pay a royalty.

BY COMMISSIONER McLAURIN - Was it in writing?

A. The application was,

Q. To the Company?

A. Yes.

Q. Setting out the terms?

A. Describing the property, but no mention of terms at that time.

BY THE CHAIRMAN - Did you suggest in any way that you would not be willing to pay the 10¢ royalty?

A. Oh no.

BY MR. FRAWLEY - ~~You were certainly assuming that the finan-~~
cial arrangements would be as they were in your Franklin and
Caledonia properties?

BY THE CHAIRMAN - The reason I asked is that one side would be
a proper and economic thing. If it was not economic in one
it would not be in the other.

BY MR. FRAWLEY - There was no question of financial terms?

BY THE CHAIRMAN - What I am suggesting is that you are object-
ing to paying this 10%.

A. That is correct sir.

Q. But when you wanted to get a new lease you were quite
willing to enter into the same arrangement?

A. Surely.

BY MR. FRAWLEY - Why did you want to go to Alder Point? Why
did you select that area?

A. That was about the only other available area in the district.

Q. Well we have Exhibit No. 24 here which shows that the Scotia
Company has quite a large leasehold there?

A. The majority of that is submarine.

BY COMMISSIONER McLAURIN - Alder Point is Dosco. That is Scotia.

BY MR. FRAWLEY - Can you be specific. Were you applying
for any particular lease, could you give us a number?

A. (Points out that the Bras d'Or Company applied to Scotia
for a sub-lease of the area which is described as "5/29/GMA"
which is on Exhibit No. 24.

Q. That is at Point Aconi?

BY COMMISSIONER McLAURIN - Mr. Gordon said this morning
he would use his influence with Dosco not to give it, because
he thought his company had a priority.

BY MR. GORDON - These are Nova Scotia leases.

BY MR. FRAWLEY (Exm. of Mr. Burchell continued)

Q. I want to be clear. Where is Alder Point?

A. (Points it out on Exhibit 24).

Q. You said you chose the Alder Point to apply for because it
was not submarine, the only available one that was not submarine?

A. That is right.

Q. I understood Mr. Gordon to say that all of these areas become submarine, with the attendant consequences of such an operation sooner or later?

A. That is right.

Q. And you would have had to mine submarine there?

A. That is right.

Q. Are you mining at Franklin submarine?

A. No.

Q. Or at Colonial?

A. No.

Q. Your operations have been land operations entirely?

A. Yes.

Q. Mr. Gordon then was speaking of a Company that had no experience in submarine mining when he spoke of your company?

A. That is right.

Q. And he was stressing that there were difficulties in submarine mining and he was fearful that you people would not make a success at that operation. Was any such reason conveyed to you at the time your application was declined?

A. There was no reason conveyed, Sir.

BY MR. COHEN - I must confess that I fail to remember having heard Mr. Gordon say a word about the question of submarine operations, in reply to my questions.

BY MR. FRAWLEY - He said something about that. He didn't say in so many words that the Bras d'Or Company could not do it, but he said it was an expensive proposition.

BY THE CHAIRMAN - And further the operations that had been carried on in mines which would eventually develop in submarine areas were improperly mined and it was almost impossible to carry on the operation.

EXM. BY MR. FRAWLEY (continued)

Q. Having that in mind what have you to say about the feeling of your Company that you can successfully conduct an operation in that Alder Point region?

A. I think our Company could mine a submarine area with experience, the same as any other company. When all these mines started they were not submarine, and I think it is gaining experience over years.

Q. You think you could learn just as well as the Dominion Coal and Nova Scotia Coal, how to mine submarine?

A. I don't see why not.

Q. Was any reason assigned when your application was declined, and what was it?

A. I don't recall any reason except the word "No".

Q. With whom did you have your dealings, not with Mr. Gordon I take it?

BY COMMISSIONER McLAURIN - Does your present Franklin or Colonial Mine admit of submarine operations?

A. It will eventually.

Q. When you get to the point that there is no coal on land, you will have to go submarine?

A. Right.

Q. And is it fair to say that you wanted this land at Alder Point so that you would not have to go submarine in your present workings?

A. No, we are quite willing.

BY THE CHAIRMAN - Is it your intention to go submarine?

A. If we obtain leases.

BY COMMISSIONER MORRISON - And not putting the royalty up will have some bearing?

A. Oh yes.

EXM. BY MR. FRAWLEY (continued)

Q. Have you to get further leases to continue the Franklin Mine?

A. Yes.

Q. You mean you have to get extension in time?

A. Yes, extension of the same areas.

Q. Now one question you didn't answer. I asked you with whom you dealt?

A. I have really forgotten that, whether the letter was addressed to Mr. McCall or Mr. Gordon. Whichever party it was addressed to, it was turned over to the other.

Q. Was this at the time that Mr. Gordon was assistant to the Chief Mining Engineer?

A. No, he was President of Old Sydney.

Q. You were not making application to Old Sydney?

BY COMMISSIONER MORRISON - Mr. Burchell suggested that the application was made to the Chief Engineer, Mr. McCall.

A. Mr. McCall got the letter.

EXM. BY MR. FRAWLEY (continued)

Q. And he ultimately dealt with the application?

A. Yes.

Q. How long ago was that?

A. About two years ago.

BY MR. NIXON, Representing the Canadian National Railways.

I think there is a point in Mr. Burchell's evidence which might be cleared up a little. The inference is that the C. N. R. have not treated Mr. Burchell very fairly in taking coal from them.

BY THE CHAIRMAN - This is just an opportunity for you to ask questions Mr. Nixon. Do you wish to ask any questions?

MR. NIXON - No sir.

BY COMMISSIONER McLAURIN - You just want to make your own submission.

BY MR. FRAWLEY - You wish to call the attention of the Commission in regard to the purchase of coal?

MR. NIXON - Yes.

BY THE CHAIRMAN - You will have to deal with something much more specific than what Mr. Avarad said.

EXM. BY MR. McCALL

Q. I would like to ask Mr. Burchell what mines the Scotia Company operated in the areas in which he is working now, and which they abandoned?

A. Scotia No. 4 I think was one.

Q. What seam was Scotia No. 4 on?

A. Sydney main.

Q. What seam are you on in the Colonial?

A. I would not like to go on record, but it is sometimes referred to as the Lower Jubilee, sometimes the Collins, and sometimes the Stony Seam.

Q. Very likely a different seam?

A. Oh it is a different seam.

Q. So there will be no question then of the Scotia having been mining in the seams in which you are now mining, and having abandoned them?

A. I believe the Jubilee Colliery is on the same two seams we are working at present.

Q. Which seam in the Jubilee?

A. The Colonial Mine is supposed to be on the Lower Jubilee seam, and the Franklin Mine on the Upper Jubilee.

Q. But that is not in the areas where you are working, it is some distance away is it not?

A. Yes.

BY MR. McCALL - I wanted to make that clear, because as I interpreted the evidence, I thought the Scotia Company had operated mines in the area you are working now, and abandoned them.

BY THE CHAIRMAN - The answer to that is no, I understand?

BY COMMISSIONER MORRISON - I understood it was in the same seam but on a different area.

BY THE CHAIRMAN - Allow Mr. Burchell to answer the question.

EXM. BY MR. McCOLL (continued)

Q. Have the Scotia Company operated any mines in the seams which you are working, and then abandoned them?

A. Yes.

Q. Which mine was that?

A. The Jubilee.

Q. And which seams does that cover where you are?

A. Lower Jubilee, the seam on which our Colonial Mine is, and the Upper Jubilee on which the Franklin is.

Q. Are you positive of that?

A. No, I don't know that anyone could be positive on that, but

that is the general opinion.

Q. Were not the workings of your Colonial Mine, I think you call it Toronto, under Keatings Pond at one time?

A. Yes.

Q. And is not that in open communication with the sea?

A. Yes.

Q. Would you not call that a submarine operation?

A. I think you would.

Q. So that your workings in the Toronto Mine were actually working submarine?

A. That is right.

EXM. BY MR. FRAWLEY (continued)

Q. So you have done some submarine mining?

A. Looking at it that way.

Q. The Scotia Company or some of its subsidiaries operated a mine called the Jubilee?

A. Yes.

Q. And they built a bankhead?

A. Yes.

Q. And that operation has now been abandoned?

A. Yes.

Q. Has your Company made any application for permission to go under there and do some workings under those old workings?

A. I think we did at one time offer to lease the Jubilee shaft. It is more economical to take the coal from those two seams at that point, than from the opening we had at the door.

Q. What happened your application?

A. It was refused.

BY COMMISSIONER MORRISON

Q. How far is this Alder Point from where you are now operating?

A. About 2 miles.

Q. Can they be successfully operated from the openings you have now, or did you contemplate (had the answer not been no) to make a new opening?

A. A new opening.

BY THE CHAIRMAN - Or to develop an old opening?

A. No.

Q. That mine was operated before?

A. Yes.

Q. It would be very much more economical to operate a mine which had been operated and laid down for the time being?

A. In certain cases it would be.

BY MR. FRAWLEY - Will some of the other operators read their sketches. I take it we only want the Cape Breton Operators here to read their individual sketches. Is Mr. W. N. McDonald here of the British Coal Company?

(Not present).

Mr. N. T. Avaré was then called to the stand.

BY COMMISSIONER McLAURIN - This statement from the British Coal Company will go on the record as an Exhibit.

BY MR. FRAWLEY - There are only two Cape Breton operators here..

BY E. M. MACDONALD, K.C. - Mr. Hartigan is here if anyone wants to ask him any questions.

BY THE CHAIRMAN - He has not submitted a Brief so why should he be called.

BY COMMISSIONER MORRISON - Are they operating coal?

BY THE CHAIRMAN - The Sullivan mine.

Mr. N. T. Avaré was then sworn as to factual evidence only.

BY MR. FRAWLEY - What do you wish in regard to the rest of the Cape Breton sketches?

BY THE CHAIRMAN - If these people are not anxious enough for us to deal with them, they should not be put in the record at all. I will not ask Mr. Avaré to read them because he is under oath to give evidence as to his general brief.

BY MR. COHEN - I understand Mr. E. N. Macdonald is here as Counsel for all of these independent operators.

BY THE CHAIRMAN - I presume Mr. Macdonald is quite capable of looking after his own business. We are dealing now with Mr.

Avard. You will put the Briefs on the record.

BY MR. COHEN - I have been given one document which has been called a Brief, is it all in the record or not?

BY THE CHAIRMAN - If you have been following the proceedings you should know. I am not hearing you any more in this matter in this regard. Mr. MacDonald is looking after the interests of his clients.

BY MR. COHEN - I am asking if those are part of the record?

BY THE CHAIRMAN - The Commission has already made a judgment on that.

EXM. OF MR. AVARD BY MR. FRAWLEY

Q. Dealing with the general submissions which precede the individual sketches. Your Association favors continuation of coal control. Would you care to expand upon that as to what sort of control you advocate should be continued for the coal industry?

A. Well I should say that in general we favor a continuation, and perhaps some development of the procedure which has been in vogue during the past 3 or 4 years under the direction of the Coal Controller, with a local Controller for the Maritime Provinces, and one or two sub-controllers under him again. We have found that the of the indications which the local Coal Controller has given with regard to distribution of the output, has worked out quite satisfactorily. It has enabled the operators to distribute their output to better advantage and with less heart-burnings on the part of the local dealers. One hesitates perhaps to advocate to the extent that the dealer, and ultimately the consumer, shall be told just what kind of coal he will have to use, but on the other hand a zoning control works out very considerably to the advantage of all concerned, I believe, from one angle, from the standpoint of delivery charges, freight charges, and I believe that generally control of distribution in the Maritime Provinces would work out ultimately to the general advantage of all concerned.

Q. You are not suggesting that the control, power to distribute the product, should be limited to the Maritime Provinces?

A. No, but that would be the basis of it. The idea being, as set out in this Brief that the large company has the facilities for distributing to districts outside of the Maritimes, which have to be cultivated if the industry is to be carried on here. They can distribute their coal to outside points to much better advantage than can the smaller operators, and therefore from the general advantage of all coal consumers the local market could be served better, with greater facility, and with greater economic value, and leaving the larger outside markets to the larger companies with their better facilities for that business.

Q. Would not a question of quality come in though?

A. Yes.

Q. The Dominion coal areas contain the best coal in the Maritimes, do they not?

A. Yes.

Q. Then you would be in a position of not permitting the Maritime people to have the best coal. That is how it would seem to work out to me.

A. That might be. There is the one advantage to off-set the other. It is true that a Coal Controller, under what you would term I presume normal conditions after the war is over, would have a pretty stiff proposition to deal fairly.

BY COMMISSIONER McLAURIN - He would have more trouble than he has now?

A. Absolutely.

EXM. BY MR. FRAWLEY (continued)

Q. That might chase a lot of people to oil?

A. They chase there anyway.

Q. Well we must not give up the struggle, at least while we are in this part of the world.

A. I don't think the oil feature would be influenced by a zoning proposition.

Q. You say the Provincial Department of Mines should re-allocate the leases presently held by the Dominion Company under one or two blanket leases in those two eventualities which are listed in your brief. That is pretty drastic, but I bring it to your

attention to see if you have anything to say about it.

A. Yes. I don't think it should be confined to the so-called larger corporation at all. It is a general application of the privilege of mining coal which belongs primarily to the Province; and not because a lease may be held at the present time by Dosco, the same principle applies to any company or person holding a lease from the Crown. We have several cases of that kind in Cumberland which are not under control of Dosco. The mines that I am operating at the present time are both sub-leased mines.

Q. From someone who leases from the Crown?

A. Yes. From two different Companies. But the principle is there and what we are trying to set up as an equity principle is that, if I hold a lease and am operating in a lease adjacent to another one owned by another party, then I should have the privilege of continuing my operation into the lease owned by the adjoining party.

Q. If what? Surely only in certain instances, and what are they?

A. Well under equitable application. There might be conditions under which it would be quite fair to say 'we don't want you to operate independently in our lease and continue for a mile we will say across that lease, which is often the distance; but in many cases a mine being operated on one lease can be extended into the adjoining lease and it would not be nearly so practical for the owner of the lease to continue the operation in the adjoining lease.

Q. That is certainly the opposite of the oil fields, but we are learning all the time. You say you operate a lease, and adjoining you is a lease not being worked?

A. In that seam.

Q. And you should be allowed to continue into the other man's lease if he is not working it?

A. Yes. Again I say in the same seam. You may get a sub-lease of one seam, and there may be other seams, 4 or 5 above or below, that you are not interested in.

Q. He would have a lease of this particular seam?

A. Yes.

Q. Which you are working in the next area?

A. Yes.

Q. And you say you should be allowed to extend in your particular seam if he is not working it?

A. Yes.

BY COMMISSIONER McLAURIN

Q. And you would be quite happy to have him go into yours?

A. Yes.

Q. What about control?

A. What do you mean?

Q. Faulty operation, an operation that might impair your mines?

A. All operations are under the jurisdiction and inspection of the Mines Department.

Q. But sometimes mere compliance with the regulations is not the maximim of operation that one might desire.

A. It is pretty difficult to get away with anything that is not pretty nearly right.

BY MR. FRAWLEY - It might be written in the lease that you would leave coal there sufficient to support his lease.

A. I never knew of a lease that didn't have that provision; that proper precautions would be taken in the operation.

Q. Have you some views on the question of depletion?

A. Very definitely.

Q. Proceed then?

A. The question of depletion has come up more and more incessantly in recent years when the Income Tax people are so very much interested in the amount of taxes they are going to assess, and up until quite recently, so far as my knowledge goes, the depletion has simply been taken by the company or person making the return, and it has gone through and that is all there was to it. More recently the Income Tax Inspectors have found out that perhaps the same depletion may have been taken by two companies, and they don't like that very much naturally.

Then the question is, who is to receive the benefit of that depletion allowance, and it has been before the Income Tax Authorities for the past 3 or 4 years, very persistently, and the outcome is, so far as I can learn now, the final decision is that the depletion is to be allowed to the original holder of the lease. Now then, in Nova Scotia the original holder is the Crown. They say that it is not fair, they are already getting the $12\frac{1}{2}\%$. So I believe they have given way to the extent that the depletion allowance will be made to the original lessee from the Crown. Now in my opinion that is very definitely unfair. Depletion allowance should go to the actual operator of the mine or the lease.

BY COMMISSIONER McLAURIN - Or should at least be divided?

A. Yes.

BY COMMISSIONER MORRISON - Why?

A. Because the operator is the one who is taking all the risk in carrying on the operation.

Q. How can you justify charging up depletion for something you don't own? You have not depleted anything you own?

A. Well the value of the coal in the ground is certainly greater contiguous to the mine which is being operated, than one where there is no operation.

Q. But don't you charge that all up to cost of production as you go along?

A. You get into some accounting practice there on which it is difficult to reach an agreement with the Auditors, the various types of auditors with which you come in contact. We are hoping, some of us are hoping to have at least some of these features definitely determined within the next two months. We have been trying for the last four years and have not got anywhere.

Q. I would like to have your opinion as an operator, how can you justify the charge for depletion for something you really do not own?

A. Well of course some of us I think feel that when we lease an

area and carry on an operation in it and spend our money to develop the property, that for all practical purposes we do own it.

Q. For practical purposes you own it?

A. Yes.

Q. You have charged up the cost of all these developments in the cost of production, have you not? Take your accounting system (We will not go into Dosco)

A. Then you immediately got into an argument with the Accountants in the Income Tax Department.

Q. Well your Accountants down here are Chartered Accountants, are they not?

A. Yes.

Q. And they have a closed shop?

A. Yes.

Q. I like those fellows, they have a closed shop. And their system of accounting is - professional men are pretty much the same, are they not?

A. Well of course I don't know whether there are any Auditors here or not, but I have differences of opinion as to how mining accounting should be conducted.

Q. I think I have too.

A. And of course I am an Accountant myself, originally.

Q. I knew that.

A. Well, I control the accounting of my companies in the reflection of experience rather than what I might get out of a book that someone wrote 50 years ago on how it should be done. That is where the cleavage of opinion comes.

Q. In other words you believe in the substance rather than the shadow?

A. Yes.

BY MR. FRAWLEY - We know the Oil Companies have a beaten path from Ottawa to Alberta. They don't own the oil they are leasing.

BY COMMISSIONER MORRISON - But they own pipe lines and because of that they are good at 'ciphering'

EXM. BY MR. FRAWLEY (continued)

Q. Now what about railway coal?

A. I have had quite a lot of experience with that.

Q. Then you might care to expand what you have said here.

What do you think the railways should do to give the greatest possible benefit to this industry without doing themselves any harm?

A. My considered opinion is that they could be more generous than they have been with mutual advantage in the matter of price.

Q. There seems to be talk abroad that they pay more to Dominion Coal than they pay to the Independents. That is something I think that should be cleared up. If it is wrong, let us find out, and if right let us know if there is any reason for it.

A. Well there is a reason for difference of price of course.

Q. Quality, yes. This difference aside, I take it that the Railway Company is paying you a fair price for coal regardless of what they pay the Dominion Coal Company, according to their lights.

A. According to their lights, I am ready to admit that, but I don't think their lights are just as high as they should be sometimes.

BY THE CHAIRMAN - Before leaving that railway business, Mr. Avar has made a very serious charge against the Canadian National Railways - "but still the price of coal purchased by the Railways is kept down and complaints of failure to fulfill all the requirements of the Railways are accompanied by threats, by no means veiled, that post-war requirements will be purchased from those mines which furnished the higher percentage of their requirements during Wartime." We are dealing here with post-war periods, and I am asking this question because I wanted to bring it definitely to the attention of Mr. Nixon who is here in this connection. If that was over done I consider it a very serious charge against the Canadian National Railways. That is the only reason I intervened here.

A. I am not able to say anything like that from personal contact.

BY THE CHAIRMAN - I am not asking you about it, but I want to be on the record as saying that I consider that a very serious

charge.

BY COMMISSIONER McLAURIN - Someone in your Association will have to come and support it.

A. I understand it will be done.

EXM. BY MR. FRAWLEY (continued)

Q. You are not prepared to substantiate it?

A. I think I should say in fairness to the Canadian National Railways in regard to these price conditions: I believe that the price to the so-called small operators was reduced because of offers which had been made from other directions to the effect that 'you give us an order for so many thousand extra tons and we will make our price so much less'. Now I suppose that is considered good business in some quarters, but I don't think so.

Q. Are these other directions you speak of independents, or other than independents?

A. They are independents, but not in Nova Scotia.

Q. Well now perhaps that explains this statement which I think I should read - "The Canadian National Railway pays the Dominion Coal Company and its subsidiaries higher prices for run-of-mine coal than it pays the Independent Operator for screened coal." That would not apply to what you are saying I suppose?

A. No. I still maintain that the differential is larger than it fairly should be.

Q. You said there was a difference between the price paid the Dominion and other companies, and one reason was because Dominion coal was better?

A. Yes.

Q. But you say the differential in price more than makes up for that differential in quality?

A. I think so.

BY MR. McCALL - Mr. Avar referred to other interests offered a lower price for a bigger tonnage of coal. I would like to know if he was referring to our company?

A. I think I made that clear that I was not.

BY MR. FRAWLEY - He said someone outside of Nova Scotia altogether.

BY THE CHAIRMAN - There is only one other inside.

BY MR. FRAWLEY - It could not possibly be the Minto operation?

A. I would prefer not to make charges of that kind.

Q. Do you think that freight subventions should be continued for the coal industry in the Maritimes?

A. The subventions will have to be continued or there will be no coal production.

Q. Take the case of your own properties. You don't ship your coal very far from Joggins, do you?

A. Not very much outside of the Maritimes.

Q. So your coal enjoys no freight subvention very much?

A. We have shipped considerable tonnage to points in Quebec Province under subvention.

Q. And you get subvention for what goes beyond a certain point?

A. Yes.

Q. Have you anything to say about the continuation of production subsidies after the War, apart from the war emergency altogether?

A. I don't like the subvention idea, but I don't see how we are going to get away from it.

Q. I am speaking of subsidies.

BY COMMISSIONER McLAURIN - Subsidy being used in the sense that it has developed since the war as Federal Aid for emergency coal production.

EXM. BY MR. FRAWLEY (continued)

Q. What are your views as to continuing these production subsidies when this industry finds that its production costs exceed what it can sell its coal for? What should happen then?

A. I don't think it should be necessary to continue subsidies and I believe that it is possible to procure the remedy in another direction, that is through better understanding and better co-operation between what is usually termed labour and management. I believe that the move which has been made to form Labour-Management Committees could be developed with very great

advantage.

Q. Have you tried that in the Joggins area?

A. I have, and I didn't get very far.

Q. Whose fault was that, or was it anybody's fault?

A. I would not like to say it was anybody's fault, but the men would not attend the meetings. They apparently had no interest.

Q. Have you a contract with the United Mine Workers?

A. Yes.

Q. And you have endeavoured to form joint management committees?

A. Yes.

Q. You formed them?

A. Yes.

Q. But they were not a success?

A. They have not functioned.

Q. What was it proposed to have that Committee deal with?

BY THE CHAIRMAN - There has been a plan drawn up on those things.

EXM. BY MR. FRAWLEY (continued)

Q. I am referring to the joint Management-Production Committee. Would it have anything to do with operation of the mine or development of new areas?

BY THE CHAIRMAN - No, it is helpful. The Management get together and say there is something the men should do to get out better production, or the men have the opportunity of conferring with the Management on the same question. And their findings are not necessarily put into effect. If it is accepted, they are put into effect.

EXM. BY MR. FRAWLEY (continued)

Q. Were these Committees begun as a result of the war emergency?

A. No, I don't think so.

Q. When were they started?

A. I don't know when they were started. As far as we were concerned they were started during the past year.

Q. Certainly then it was a war development of some kind?

A. It was in our district anyway.

Q. Here is an industry that must be assisted. What are your views as to the propriety of some sort of joint management committee to discuss the operation pretty completely, between Management and Labour?

A. I am all for it.

Q. And I am going beyond this immediate get out more production that we have been speaking about?

A. Yes.

Q. You have been in operation in your district for how long?

A. Since 1907.

Q. And you are interested in other industries?

A. Yes.

Q. You operate a Railway?

A. Yes.

Q. And a sizeable electric utility company?

A. Yes.

Q. You are a fairly large operator in that part of Nova Scotia?

A. Yes.

Q. And in your view there might well be a joint Labour-Management Committee in the operation of the industry?

A. I think so.

EXM. BY MR. COHEN

Q. I think you told my friend that you were under contract with the United Mine Workers?

A. Yes.

Q. And one of the Commissioners said, you also had the closed-shop provision of the contract?

A. I think so.

Q. It is your understanding?

A. I think it is.

Q. Has it worked out all right?

A. Got along very nicely.

Q. As to the Management-Production Committees that you spoke of. When did you first organize such a committee in your mine?

A. I think it was about last July.

Q. What were the mechanics of organization? Did representatives of the Employees and yourself sit down and say we will constitute a committee?

A. Yes, representatives of the Employees and Employers, I have forgotten the numbers now, perhaps three from each side, were supposed to get together and discuss general features of mine operations in which they were interested. And then there was a Regional Committee. They dealt with general problems in that district, the same as their organization down here.

Q. I understand that no meeting has recently been called of that committee?

A. Because the last two meetings that were called were not attended by the men who were members of that Committee, I mean representatives of the Employees.

Q. Have you taken it up with the representatives of the Union?

A. I have not discussed it directly with them.

Q. I merely suggest that you do.

BY COMMISSIONER MORRISON - Perhaps the men with you were getting along so well with labor relations that they did not think it necessary to superimpose the machinery with another Committee and that it was well to leave good enough along. That might have been the reason, might it not?

A. That is a very kind thought, Sir. Generally speaking, we have no difficulty in discussing our problems.

Q. You discussed the contract, and were getting along very nicely, and the men probably thought their time was better employed by sitting home with their families than going to a meeting. Mr. McCall I think it was, said the other day that you cannot improve on a good product. The relationship being so good, the men might have thought you could not improve on it, and why put on some more frills.

A. I will try and confirm that the next time I talk to Mr. Scott.

EXM. BY MR. COHEN (continued)

Q. What you say about proper understanding between labour and

management would assist in improved production, - you are not referring to your own experience I take it? So far as you are concerned, you are satisfied with the relationship and the situation?

A. No matter if the conditions are fairly satisfactory, there are always possibilities of improvement, or at least of maintaining them on that amicable status, and I am all for co-operation from any angle with your employees, or with your competitors. I don't care who it is, I believe co-operation can be conducted to the advantage of all concerned. That is the reason we are here as an Association so-called of Independents.

BY COMMISSIONER MORRISON - If Dosco applies for membership in your organization I believe real co-operation would be extended.

A. We would be very happy to have them.

EXM. BY HOWARD TATTRIE

Q. You spoke of the original committee?

A. Yes.

Q. You understand that the Superintendent of the Mine is the Chairman for the first six months?

A. Yes.

Q. He is supposed to call meetings each month. Do you know if he ever called a meeting in the six months?

A. Yes.

Q. I am a member of that and I never got invited. He never called a meeting in the six months. How would I supervise the other meetings that had been held and know whether they were being conducted properly, as a representative of the Union, if your Superintendent didn't call me.

A. Well if we never called a meeting, the meetings would naturally not be attended. But I discussed that with him yesterday morning because I was particularly interested, thinking that some progress might be made, and his report to me was that the meetings had not been attended. Now that might be quite logical, that if the individual mining committees did not function, you could not very well call a regional committee.

Q. Would you be willing to get some information on that for me at Amherst?

A. I certainly would. I have not given up. I am much interested.

Q. Another point he was asked about is closed shop agreement. I might say for the benefit of the Board it is a Union and not a closed shop.

BY COMMISSIONER MORRISON to MR. TATTRIE

Q. It is not an open shop though.

A. I represent that district and we have a Union shop which is perfectly democratic, but a closed shop is zoning, that you have to take from a certain person. They go further than we do

BY COMMISSIONER MORRISON

- Commissioner McLaurin has a specimen copy of a Closed-Shop Agreement and I suggest that you get a copy of that,.

BY THE CHAIRMAN - Mr. MacDonald of the British Coal Company is here now, and his submission is being written in the record, and unless he wants to give further evidence..

MR. MacDONALD - No, unless someone wants to ask me questions.

BY THE CHAIRMAN - I think the Commission will want to ask some questions of Mr. MacDonald, so would ask him to be here in the morning.

Following is the Historical Sketch of the British Coal Company Limited submitted by the Independent Coal Operators Association in Exhibit No. 28.

Memo re British Coal Company Limited
& Margaree Steamship Co. Ltd.
Dated Sydney, N. S., January 13th, 1945.

The Margaree Steamship Company Limited was incorporated March 2nd, 1926, under the laws of the Province of Nova Scotia, and since that date has been engaged as Owners and Operators of steamships in coastal and foreign trades, also as owners and operators of vessels, motorships, tugs, salvage crafts, lighters, and Ferries, also as stevedores, ship repairers, and general contractors.

The British Coal Company, Limited, was incorporated May 16th, 1936, as a subsidiary of the Margaree Steamship Company, Limited, there being no Shareholders excepting the Directors of the Margaree Steamship Company Limited. This Company was incorporated for the purpose of purchasing and operating a certain coal area in the vicinity of Sydney Mines, which purchase was completed in 1936 and mining operations carried on thereafter, until all mineable coal underlying the said area had been extracted.

Our Lease adjoined an area held by the Indian Cove Coal Company, Limited, and when the working in our Thompson Mine reached their boundary and we had no further coal available for extraction, the Thompson Mine was sold to the Indian Cove Coal Company, Limited, who now work their area from this pit.

Early in 1943 the Margaree Steamship Company, Ltd. acquired by purchase a small coal area in the town of Inverness, underlayed by the 7' seam. The transfer of this area to the Company was approved by the Mines Department of the Province of Nova Scotia, and work of development was commenced forthwith, with temporary and portable equipment. Development work consisting of bank head, new slope, levels, and working places was carried on to completion. Mr. Roy F. Bigelow, Foreign Manager of the Goodman Manufacturing Company, Chicago, visited the mine early in 1943 and made definite recommendations as to modern equipment suitable for this operation and capable of giving the mine maximum production at minimum cost.

Application was immediately made to the Emergency Fuel Board, Ottawa, for necessary priorities for the purchase of the equipment recommended and for certain other concessions, but our applications were not dealt with promptly with the result that recommendation for priorities did not reach the Chief of Coal Section of the War Production Board, Washington, until late December 1944.

It is confidently believed that our new mine at Inverness will produce from 10 to 15 tons of coal per man per shift when new equipment ordered is installed at Inverness.

All funds expended to date for purchase of the area and the development of the new mine have been supplied by the Margaree Steamship Company, Ltd., and operations for the time being are carried on in the name of the Margaree Steamship Company, Limited. It is intended, however, to transfer this operation at a later date to the British Coal Company, Limited, and this will be done when the new equipment is ready and all financial arrangements completed.

It is the Management's intention to submit a separate brief in connection with this mine to the Royal Commission on Coal.

4:25 P.M. HEARING ADJOURNED

ROYAL COMMISSION ON COAL

Sydney, N. S., Thursday, Jan. 25th, 1945.
Eighth Day.

WITNESSES:

W. T. Brown.....Pages 597 - 629

Dr. T. O. Boyle.. 643 - 675



EXHIBITS

- No. 29 - Copy of correspondence between
Canadian National Railways and
Bras d'Or Coal Company,.....page 595
- No. 30 - Submission by W. T. Brown,
Consultant, coal, coke and
by-products.....page 597
- No. 31 - Plan to improve blast furnaces... 598
- No. 32 -Necessity for coal cleaning..... 598
- No. 33 - statement showing shifts worked
by employees, Dominion Coal Co.
1938 and 1939..... 630
- No. 34 - Submission of Municipalities
of the County of Cape Breton..... 643
- No. 35 - Page from Mines Report showing
fatal accidents in coal mines
1908 - 1940..... 646(b)

THURSDAY, JANUARY 25th, 1945

The Commission convened in the Court House, Sydney, N.S., at 10.00 A.M.

MR. J. L. COHEN, K.C.: Mr. Chairman, if I may, I was almost going to say as a matter of personal privilege, I think is the term--Your Lordship will be more familiar with it than I, being an old experienced parliamentarian, and I think also the gentleman on your left--may rise and just take a minute or two of the Commission's time to deal with two matters most regrettable from my standpoint that occurred yesterday, one in the forenoon and one in the afternoon, and in which I must confess, and particularly after examining the record, not only must confess but do so whole-heartedly, that I was in grave error.

The item in the morning arose out of the statement made by me by way of putting a question to one of the witnesses, I think Mr. Gordon, that the leases on the map Exhibit 24 were controlled by Dosco through its medium Scotia and I am afraid that the lawyer came out in me then and the legalist and so on, rather than the realist. In terms of words "controlled" and so on I was rather thinking of the matter in the corporate terms and practice and it was an incorrect statement and certainly it cannot be considered in any sense, and particularly after I have also had an opportunity of examining the form of lease under the Mining Act, that the sovereignty of the province can be infringed upon by any corporation or its subsidiary, no matter what maze of corporate transactions go through, and it was in connection with that statement that Your Lordship sort of cut me up yesterday, and perhaps a little too severely but probably as a parent to an erring child I hope, and I perhaps likewise as a child that doesn't recognize the value of correction reacted in a way that I should not have, and I should like to express my regrets most sincerely with

respect to that item.

Then in the afternoon there was the question of the submissions that had been put in by the Independent Operators and the Commission had evidently made a ruling that the whole of the submissions would appear upon the record, but being somewhat of a busybody and trying to do two things at one time I was out of the room conferring on another phase while I thought that the document was merely being read, so there again I was addressing the Commission on a matter which the Commission had already decided, precisely in the way I was trying to reach.

BY THE CHAIRMAN: The irritability provoked in the morning had not altogether subsided--I mean with me.

MR. COHEN: That is very gracious of Your Lordship and I hope that my statement on these two matters is accepted by Your Lordship and your fellow Commissioners whole-heartedly.

BY THE CHAIRMAN: Thank you very much. There is no necessity for an apology at all. Those things will occur and your explanation is perfectly satisfactory. It only affects myself. I take this as a personal matter and I thank you very much. We got along in the past eminently well and I think we can go ahead in the future.

By the way, yesterday there was a question as to whether Mr. W. N. MacDonald of British American Coal Company would be called here or not and I discussed the matter with Mr. E. M. Macdonald and he is going to appear in Halifax in another matter and I don't think there is anything in his brief that requires examination.

E. M. MACDONALD: There was one thing yesterday. The question arose with regard to the relationship between the Canadian National Railways and some of the Independent Operators. I have had copies made of correspondence between Bras d'Or Coal Company and the Canadian National Railways which I would like to tender as exhibits.

BY MR. FRAWLEY: In a very few minutes I will ask you

for them. I understand Mr. Cohen has a further statement to make to the Commission.

MR. COHEN: Yes, I indicated to Commission Counsel that I would be making a statement. I was not quite sure as to whether my learned friend wanted to complete the question of the Independent Operators before I went forward, but with the Commission's permission perhaps I can speak to that item now. I may have to take a minute or two and I hope I have your indulgence in that respect.

I want to state in the first place that partly having regard to the time element, because we are now I think on Thursday and the Commission is due to sit elsewhere, but mainly due to other considerations which I will explain in a moment, the original intention of the District of the Union by whom I have been engaged to file and present and support a brief before the Commission at this time in Sydney is not one which, with the permission of the Commission, we would be carrying out. A number of matters have come forward during the course of the hearings and a number of matters have presented themselves to us. My clients and I have deliberated upon the question which suggests the possibility in the interests of making a most complete and quite proper presentation to the Commission of enlarging upon and perhaps in some respects amending the brief which it was intended would be read and filed and supported by the District, and may I also say in that respect that so far as possible it is our intention also, and that is another reason for not going along with the brief at this sitting, if the Commission so permits, it is our hope that the various Locals in the District acting on their own decision--of course they cannot be dictated to in that respect by the District--but that the various Locals will agree with the wisdom of consolidating in one presentation and one document the total submissions on behalf of the whole District and the Locals comprising the District with respect to this subject and that would also mean that the various--I think there were several--shorter briefs

that had been prepared by some of the Locals, and some are now in the course of preparation, would not be presented at this session or at any session that the Commission immediately intends to conduct in this province, and that they would all, if the Locals agree with the suggestion, and it will be left to their decision, they will all be incorporated, so to speak, and consolidated into the one brief and presented to the Commission and supported when the Commission returns to Sydney, and we fully realize that that may be a matter of two or three months because you have a great deal of work to do elsewhere in connection with the same subject and many places to travel and so on.

I don't think that I can make it too clear that the responsibility for that situation is one which rests not in the slightest degree upon the Commission or its Counsel or any of its associates, but most completely upon the Union and its associates, and perhaps in the final analysis partly upon me, but then quite unwittingly, because as the Commission knows by reason of other matters that I found myself committed to before I was engaged on this I was not able to get down here until the Commission was already fairly well on in its sessions. I say that because I would not want any impression to go abroad for a moment that would in any way imply in the slightest degree that it was anything except the initiative and decision of the Union itself that spells out the decision which I am putting forward to the Commission by way of a request that our brief and our presentation be deferred until you return to Sydney.

Now I do think it only fair to all others interested in the subject, and certainly to the Commission itself, that while no brief will be presented or supported, perhaps I may in three or four or five minutes just indicate in broad outline the approach, so to speak, to this whole question taken by the Union and myself in connection with this matter; that is, our philosophy, if I may put it that way, with respect to

the situation.

Let me make clear in the first place that we do not in any sense approach this question, and particularly the portion of this question that relates to the maintenance and extension and improvement of the coal mining operations in Cape Breton, from the standpoint of a works project, so to speak, for the inhabitants who happen to be living on this Island and a means of keeping them alive and economically and fruitfully engaged. That is not the approach at all and I think that I am free to say that if the situation amounted to that that the men and through them the families I represent would sprun any suggestion that they should so to speak for some indefinite period of years and perhaps forever remain a burden on the Dominion of Canada merely so that work could be found for them here.

Our approach is--and whether we are right or wrong in that, and we hope to be able to substantiate in the course of the various hearings that we are right, and I hope the Commission will take kindly to the fact that I will perhaps be appearing before it in other places--our position is that Canada as a nation needs the coal which is to be found anywhere within its borders. Coal is a peculiar commodity in the sense that it cannot be grown. If the wrong sort of wheat is being grown you can experiment in order to produce the right kind of wheat; nor can it be manufactured. It is there under the soil or beyond the soil and under the sea or somewhere where it can be reached. The good Lord has either placed it there or not and if it is there then the nation has not only a potential wealth available to it but one of the first prime requisites for carrying on any sort of a civilized existence. I think there are three prime industries: agriculture; the things that lead to clothing, textiles and so on; and coal, that enables us to keep warm and indirectly supplies light, etc. Our view is, and we hope to be able to make that clear, that Canada needs the coal deposits

wherever they are contained, so long as they are within its borders, and that if by some chance the good Lord has placed those coal deposits away off on this island so that a bridge has to be built across the Strait of Canso and a long transportation haul is necessary that is merely a burden that is placed upon the people. Perhaps it is a means that the Lord has found of testing us to find out to what extent we are ready to co-operate with each other, and we are all members of one family and one nation.

Reference has been made to the fact that there are coal deposits elsewhere in other national entities, most particularly in the soil of that very friendly neighbor to the South, and I think I may say with almost everybody here that I have a very close connection with some people there and a great admiration for that country as a whole, but I say that no country in the world has ever been able to find itself anything but impoverished unless it has coal deposits of its own and it is undergoing the gravest political and economic risks unless it makes sure that they are available for the country as a whole. I don't know that I can go as far as the company does in talking in terms of national defence, because that is a subject that is so abhorrent to me that I am not receptive to it, but it is our view that in political and economic terms Canada must not be dependent even for one ton of coal, even upon a friendly neighbor, because friendly neighbors have a way of saying, "If you borrow my lawn-mower I would like to have this, that or the other," and there is no telling who comes out best in the deal. If we find ourselves dependent for coal, and if there should be a change in the complexion of the government there or here, and then friction arises between one another, who can tell what difference would be made in the importation of coal upon which we would be dependent as the result of the development of an economy relying upon those importations?

It is for that reason, and we feel it is a substantial reason, that we say that the existence of these deposits,

wherever they are, be it in Cape Breton, in Western Canada or elsewhere; we do not know yet where we shall discover coal. We have only just discovered a tremendous iron ore deposit in Northern Ontario. We say that wherever those coal deposits are they are a national necessity in the same sense as the sun; they are indispensable, and if they are indispensable we must get them and we must not penalize those people who happen to be living adjacent or contiguous to the particular place where those deposits are, and I think it wrong to suggest that idea of subventions or tariffs as something in the nature of keeping a difficult industry alive. It is not the industry that is difficult; it is the fact that the population of Canada is in one area of the continent and coal is in another and that is the difficulty not necessarily of an industry, because when we talk of a difficult industry that is one that is making something for profit and having difficulty in selling it, but the coal industry is very different and if one person does not extract it it is the business of the Dominion of Canada to see that someone else does. And in that sense I support wholeheartedly and in that respect we find ourselves on common ground with the company or with anybody else in stressing the fact that such subventions, facilities, advancement of capital for exploratory work, improvement of railway transportation and any other expenditure should be made which will make it possible to make Canada as independent as possible, and I personally am not yet convinced that it cannot be made absolutely independent, of any importation of coal, and we say we support and identify ourselves with any proposal for subventions of that kind, but on the theory that I indicated: not a works project to take care of people who say "Gimme" and "We want to stay alive", but on the philosophy that these people are here available to produce something that the country as a whole needs.

Now then, I will go one step further and say that if in fact by reason of national need and national economy and national interest the nation will be asked to, and I am confident

will make great expenditures of money, the nation is likewise entitled, through the proper government agency, to supervise and where necessary control the conduct of the enterprises which, because it is in the national interest and because it is a unique national asset the nation as a whole is expending money upon, and we will propose the setting up of some Coal Tribunal or Coal Agency that will have these functions of investigation and where necessary of control in order to make sure, first of all, that the people are living under proper conditions, and also that the maximum amount is being produced and as efficiently as possible, with powers to control, and I emphasize the term control in all of its implications.

I think that the suggestion made by Commission Counsel, I think it was yesterday, is one perhaps that will commend itself to us, the suggestion of a partnership in industry. We have heard a great deal of partnership in industry and my friend suggested the possibility of a board that will administer the whole industry, composed both of management and labor.

Certainly this will be made clear, that if in fact those who now control the leases in this area or in any other part of the Dominion do not respond to the national interest, be they Desco or be they independent, be they East or West, then those leasehold properties and this unique and essential phenomenon of wealth and of national need will have to be taken over by the Government and operated as a Government utility, just as we learned to operate gas and electric and other things without which civilization cannot carry on, and we wish to emphasize that the history of the relationship between the Company and the men is one that rather suggests that the Company has not been fully alive to the fact that this whole affair is not a one-way proposition and that it owes it not only to itself as a Company and not only to the men it employs and to the families who are maintained by those men, but to the Dominion of Canada to carry on proper relations with these men and maintain them in proper conditions so that the morale and co-operation can be

so complete that the interests of Canada can be fully advanced.

Let me close now with one observation. I think I have given pretty well what our position will be so that those who have been active in presenting their view to the Commission may now know what our position is. The Commission is familiar with the law of economics known as Gresham's law, to the effect that bad money drives out good. That is, if you have a certain amount of money in circulation, some of it having X quantity of silver and some less, obviously people will be putting away the coins with the larger amount of silver and using the other. It was established about the same time as the principle of natural market, except that the principle of natural market is not heard of so much now. I say there is a corresponding law with respect to the whole of industrial activity: that just as bad money drives out good, so bad industrial conditions in any part of the country will reflect themselves sooner or later upon the welfare of other sections of the country, and no country can permit itself the luxury, no matter how it may seek to bury its head ostrich-like in the sands of its own oil-fields, and feel that what goes on in the rest of the country is just a misfortune that bothers those people but cannot possibly affect anyone else. Sooner or later depression, sub-standard wages, sub-standard conditions, sub-standard living, in any part of the country will affect every other part of this country, so not only from the standpoint of humanitarianism--and I don't know that I am a humanitarian, I am more a realist--but from the standpoint of the colder, objective, active dynamics of the situation we shall indicate that when the public of Canada will say, "We own those coal deposits and we are going to operate them to the very utmost," at the same time to see that a proper standard of living is maintained in Cape Breton and a proper standard of relations prevails here and elsewhere where coal is being mined, between management and labor.

Now I have taken the liberty of indicating this outline because it seemed to me that some indication of our philosophy and approach to the position should be made to you at this time. The brief of course I hope will be more ample and contain more factual information, and we will say that we will certainly do our utmost to put ourselves at the service of this Commission, and not altogether in an unselfish sense because we feel that the Commission is concerned with the interests of the country and in concerning itself with the country it is concerning itself with us.

BY COMMISSIONER McLAURIN: Summing up your position now, you are notifying the Commission that the brief submitted to it by the United Mine Workers of America but not filed as an exhibit is withdrawn?

BY MR. COHEN: Just let me make this clear. I didn't know that it had been submitted in that sense. I understood it was a matter of facility and effective handling of things. I suppose they are not submitted until they are put in evidence?

BY COMMISSIONER McLAURIN: All right then, the brief delivered to the Commission.

BY MR. COHEN: Well, I would say the brief delivered to the gentlemen who constitute the Commission.

BY COMMISSIONER McLAURIN: Well, they are delivered to the Commission for the purpose of our reading and to that extent the Commission know about them, and the only purpose in having briefs delivered to the secretary of the Commission in advance is that the Commission should read them.

BY MR. COHEN: Frankly I didn't know that. I think that is a burden. I don't see why the Commissioners should read them in advance and then have to listen to them here.

BY COMMISSIONER McLAURIN: The Commission have had this brief in their hands and have had an opportunity of reading it.

BY MR. COHEN: Then I would say the Commission will be furnished with a brief that will enlarge upon that document, with the result that there will be a new document.

BY COMMISSIONER McLAURIN: And you are withdrawing the brief which we now hold?

BY MR. COHEN: If in fact it has been submitted it is withdrawn.

BY COMMISSIONER McLAURIN: If you are not ready to take my word for it ----

BY MR. COHEN: It is just a question of opinion as to what is "submitted".

BY COMMISSIONER McLAURIN: I didn't say submitted; I took your word. I said "handed".

BY MR. COHEN: We don't need to bandy words.

BY COMMISSIONER McLAURIN: There has been a brief handed to the Commission on behalf of the United Mine Workers. You are withdrawing it?

BY MR. COHEN: Yes.

BY COMMISSIONER McLAURIN: Now having withdrawn it you are not in a position now to proceed with a submission at this time of the representations of the United Mine Workers?

BY MR. COHEN: Quite correct.

BY COMMISSIONER McLAURIN: And you are asking the indulgence of the Commission to have an opportunity of presenting a brief at another time, although this sitting was of course the proper time for the submission to have been made.

BY MR. COHEN: Well, I can't quarrel, as you can understand, with that opinion.

BY COMMISSIONER McLAURIN: I won't press you to admit that. I think that is quite evident from the fact of the industries and everything being located here, but you are seeking the indulgence of the Commission to have an opportunity of submitting representations at another time and place convenient to the Commission?

BY MR. COHEN: Definitely. Except this, I would appreciate it if the place could be Sydney.

BY COMMISSIONER McLAURIN: The desirability of the place will have the due consideration of the Commission.

BY MR. FRAWLEY: Now, Mr. Macdonald, if you would be good enough to file those documents?

MR. E. M. MACDONALD Files:

Exhibit 29 - Copy of correspondence between the Canadian National Railways and Bras d'Or Coal Company

Exhibit 29

C O P Y

CANADIAN NATIONAL RAILWAYS
Fuel Department

Our File No. F-17

Montreal, Que., Dec. 6th, 1944.

Bras d'Or Coal Company, Limited,
Bras d'Or, N. S.

Dear Sirs:

Last April the Coal Controller advised us of the quantity of coal which he had arranged for your Company to ship to us in the year commencing April 1st, and which included 850 tons monthly from September to January inclusive.

Our orders have been sent to you from Moncton, in accordance with the Controller's advice, but for several months past you have been shipping only about fifty percent of these orders. From September to November inclusive, your deliveries to us have been about 450 tons monthly.

We have not been in touch with the Coal Controller regarding these short-shipments, and, before writing him, we will be pleased to know if you desire to have our order reduced to approximately 100 tons weekly, which appears to be about the limit of the tonnage you desire to ship to us at the present time.

Yours very truly,

(Sgd.) S. C. Welby,
General Fuel Agent.

December 12, 1944.

Mr. S. C. Welby,
General Fuel Agent,
Canadian National Railways,
Fuel Department,
Montreal, Que.

Dear Sir:

Your file F-17

We have your letter of December 6th re amount of coal shipped to the C. N. R. by our Company.

When we notified the Coal Controller as to the amount of coal we expected to ship to you we were quite sure that an upward adjustment in the price paid by you was to be made.

The price we are charging the public for the grade of coal that we are shipping the C.N.R. is \$6.92 while you are only paying us \$5.67. So you can see that in order to cut our losses, the less we ship to the Railway the better for us.

If you can increase our price in line with the price you are paying the big Coal Corporation, we would like to give you a larger portion of our output. If your reason for keeping our price so much below what you are paying the other Corporation is on quality, we would be prepared to sell on calorific basis.

Yours very truly,
BRAS D'OR COAL CO., LIMITED

(Sgd.) Geo. B. Burchell,
President,

CANADIAN NATIONAL RAILWAYS
Fuel Department

Our File F-17

Montreal, Que., Dec. 18th, 1944.

Bras d'Or Coal Company, Limited,
Bras d'Or, N. S.

Dear Sirs:

With reference to your letter of December 12th. While your letter does not definitely say so, I assume that it is not your desire to ship to us at the rate to which you agreed with the Coal Controller last spring. I am, therefore, instructing Mr. Wilmot to reduce his orders to you to one hundred tons weekly.

I have no doubt you have considered your shipping performance in the light of post-war problems, and that you will agree with us that our orders after the war is over should be based on the shipments made to us by various producers during the abnormal demand caused by the war. On this basis, the proportion of our requirements which we would be able to allot to the Bras d'Or Company, after the war, would not be large; and the situation is not being helped by your present rate of shipment.

Yours very truly,

(Sgd.) S. C. Welby,
General Fuel Agent.

BY MR. FRANKLEY: Do you want to say anything about this, Mr. Macdonald?

MR. MACDONALD: No.

BY MR. FRANKLEY: Now I would like to proceed with the statement of Mr. W. T. Brown. I need not ask your qualifications, Mr. Brown. They are down at the beginning of your brief?

A That's right. Being a consultant I would like to be sworn in, if that is agreeable to the Commission.

BY MR. FRANKLEY: Mr. Brown's submission will be Exhibit 30.

Exhibit 30 - Submission by W. T. Brown, Consultant,
Coal, Coke & By-Products

W. T. BROWN Sworn. (Reads brief)

INTRODUCTION:

May I first introduce myself to the Royal Commission:

I am a Consultant (Chemical Engineer) on Coal, Coke and By-Products from Pittsburgh, Pennsylvania, U.S.A., with nearly thirty (30) years research, development, engineering and operating experience on the geology, beneficiation (mechanical cleaning) carbonization (coking) of coal and all coal by-products.

I was formerly Research Engineer and Manager of Coal, Coke and By-Product Research for the Jones and Laughlin Steel Company and the Bethlehem Steel Company, which covered the direction of all research and development work at their many coal mines, coke ovens and blast furnace plants. The J. & L. and Bethlehem operate captive mines (all the production used for company purposes). The J. & L. four (4) mines produced from 3 to 5½ million net tons of bituminous coal per year and the Bethlehem eight (8) mines produced from 6 to 8 million tons coal per year. Both steel companies purchased much outside coal for coking.

I have presented a number of papers on coal, coke by-products, coal cleaning, sulphur in coal, etc., at meetings of engineering societies. I submit a copy of a paper "Plan to Improve Blast Furnace Coke", presented to the American Institute of Mining and Metallurgical Engineers and American Society of Mechanical Engineers, Fuel Conference in St. Louis in 1942, which was published in the October and November issues of "BLAST FURNACE AND STEEL PLANT" magazine. Also "Necessity for Coal Cleaning" written for the American Mining Congress and published in the February 1944 issue of the "Mining Congress Journal."

BY MR. FRAWLEY: I think Mr. Brown's off-prints should have a separate exhibit number.

Exhibit 31 - "Plan to Improve Blast Furnace Coke"

Exhibit 32 - "Necessity for Coal Cleaning"

MR. BROWN continues:

COAL

Coal to the layman is a black rock-like substance that miners take from the ground, that can be put in a stove or furnace to produce heat, or under a boiler to generate steam and power, or in a coke oven to produce coke.

Several hundred millions of years ago Nature laid down in the Province of Nova Scotia an abundance of coal in the form of peat, then covered it over with layers of rock to preserve it and then by thrust and pressure converted this peat into bituminous coal. Unfortunately, the uplifting of the earth's surface tipped the coal seams in the Sydney Coalfield, so much of the large reserve of coal must be mined under the ocean. Much of the coal seams that were above the surface of the sea, have been eroded away.

Have you ever stopped to think how these coal areas were formed? During what is known as the Carboniferous Age there was an amazing growth of luxuriant vegetation consisting of ferns, reeds, mosses, conifer (evergreen trees), trees, etc., all bearing a resemblance to certain kinds of plants that flourish today. The air was saturated with deadly carbon dioxide and there was no signs of human, mammal or bird life, because no creature with lungs could have lived. However, the fossils found with the coal tell us that fish, mollusks, crustaceans, reptiles and insects were plentiful. The lowly crawfish found on the earth today existed in the same form during the Carboniferous Age.

Coal was laid down in the form of peat in swamps. It requires 1000 cu.ft. of plant or vegetable matter to make one cu. ft. of peat. It requires three (3) feet of peat to make one foot of coal and it took one hundred years to lay down

one foot of peat or three hundred years for each foot of coal. Therefore, it required 2100 years to lay down the coal in the seven (7) ft. Phalen Seam in the form of peat.

Let us consider why the mineral matter or ash content of coal varies in bituminous coal. The peat was laid down in swamps in presence of stagnant water. The water and the ever present bacteria or micro-organisms protected the peat and prevented its decay. Where we find fusain or mineral charcoal in a section of a coal seam, we know that the peat was exposed to dry seasons and the woody material was rotted. Also each clay, shale or slate binder or parting indicates a flooding of the swamp, when silt was deposited in the coal bed. Then in some coal seams (the Sydney coalfield contains very little) we find "boney" coal. This "boney" coal contains mineral matter varying from 5% to 50% or as we term a low or high ash "boney". This "boney" is a partially petrified wood similar to the petrified wood found in Arizona. The trunks of the conifer trees became water-logged and sank into the peat swamp, then the finely divided mineral matter contained in the swamp waters partially filled the plant cells of the trees. Under the process of coalification, which changed the peat to coal over millions of years, the partially petrified wood was converted to "boney" coal.

The coals of the United States, which have a high ash fusion temperature, very desirable for some uses, contain some low ash "boney" coal. For example, the No. 2 Gas Seam coal from the Gauley Mountain Coal Co. has an ash fusion of 2600°F. This coal contains some "boney" coal.

There were many species of bacteria in the peat swamps, some that cause the petrification or rotting of the plant or vegetable matter, some that preserved the peat and others that were known as Sulphur Bacteria. These sulphur bacteria were microscopic in size and lived down under the swamp waters in the peat. They were anaerobic (ability to exist without air) and obtained their food (carbon) from the decaying vegetable

matter and their oxygen (to oxidize the carbon and sulphur) from the iron sulphate or iron carbonate contained in the swamp waters. These sulphur bacteria had to live in the presence of hydrogen sulphide.

You will ask why the coals of the Sydney Coalfield contain such a high percentage of sulphur. There is a reason for this high sulphur. The swamp waters contained considerable iron carbonate, which came from the iron bearing rocks, which existed at that time near Sydney. The sulphur bacteria thrived on the iron carbonate in the swamp waters, producing sulphur in the form of iron sulphide (ferrous disulphide) and amorphous sulphur. In the vicinity of Cape Percy geologists have evidence of a stream entering the peat swamp. This stream carried a large amount of iron carbonate, therefore there was a more rapid growth of sulphur bacteria in this section than in the Sydney Mines area, causing the sulphur content of the coal to be considerably higher. The general flow of the water in the peat swamp was toward the Northwest, therefore, since the stream containing the iron carbonate entered the swamp in the vicinity of Cape Percy, we have the highest sulphur in this area, due to the high concentration of iron carbonate in the swamp waters, which caused a rapid growth of sulphur bacteria. Then as the concentration of the iron carbonate in the swamp waters was reduced (by the action of the sulphur bacteria) we find a gradually reducing sulphur content of the coal proceeding westerly.

We also find that the same stream flowing into the peat swamp in the vicinity of Cape Percy, carried in much silt and debris, which caused a higher ash content into the peat, which is now bituminous coal. The ash content of the seams in the Sydney Coalfield also increases from the West toward the East.

QUALITY OF THE COALS

The coals in the Sydney coalfield are comparable with the high sulphur Pittsburg Seam coals from Northern West Virginia and Greene County, Pennsylvania, in volatile, ash sulphur and ash fusion temperature. Also in their carbonization properties.

Nature laid down an abundance of coal in the Sydney Coalfield, but Nature also put into the coal certain percentages of ash and sulphur varying according to the area in which the seams were laid down. I have pointed out the reasons for the varying ash and sulphur in these coal seams, now it is up to us to mine, prepare and use this coal to the best advantage.

QUALITY OF SYDNEY COALS FOR COKE-MAKING

The Coke oven plant of the Dominion Steel and Coal Corporation, Ltd., is manufacturing blast furnace coke from 100% (high volatile, high sulphur) Sydney coals from the Phalen and Harbor Seams.

That means they are using exclusively the high volatile coals, not 100%, but exclusively.

However, there are no coke plants in the United States manufacturing Blast Furnace Coke from the 100% (high-volatile, high-sulphur) Pittsburg Seams coals from Northern West Virginia or Green County, Pennsylvania. The carbonization properties of the coals from these two coal fields are comparable.

There are very few coke oven plants in the United States or elsewhere in Canada, that are producing coke from 100% high volatile coals. The Carnegie-Illinois Steel Company of Clairton, Pa., does coke 100% Pittsburg Seam coal from

Washington and Fayette Counties, Pennsylvania, but this coal has a lower ash and sulphur content than Sydney coals. The coke produced is of no better physical quality than the coke produced by Duesco, but it has the advantage of being low in

sulphur and ash.

The H. C. Frick Coal Co., who supply the coal to Carnegie-Illinois Steel Co. coke plant, have just opened up a mine in the high sulphur Groene County Coalfield, because the reserves of low sulphur coal in Fayette and Washington Counties is rapidly being exhausted. They are very much concerned about using washed coal with 1.75% sulphur in their coke ovens, whereas Dosco is regularly coking washed coal with 2.30% to 2.50% sulphur.

There are three steel plants in the far West (Columbia Steel Co., Geneva Steel Co. and Kaiser Steel Co./ producing coke from 100% high volatile coal from the Lower Sunnyside Seam in Utah, but the quality of this coke is inferior to coke now being produced by Dosco. The steel plants of the Kaiser Steel Company and the Geneva Steel Co. were built for the War Emergency and will be unable to compete in Post-war competition.

Most of the coke plants in the United States and Canada blend from 10% to 65% (average 25%) high quality, low volatile coals with the high volatile coals for the manufacture of blast furnace, foundry or domestic coke.

I refer the Royal Commission to page 16 in my paper "Plan to Improve Blast Furnace Coke" under the heading of "Reasons for using High quality Low Volatile Coals."

Quoting part of the first paragraph "Our answer is that it improves the quality of the blast furnace coke and makes it more uniform in size, structure, ash and sulphur. Uniform blast furnace coke will increase iron production".

The Dominion Steel and Coal Corporation hopes to improve the quality of their blast furnace coke, by the extensive research program now under way, but the coke will never equal the quality of coke produced by other coke plants in the United States and Canada, using a mixture of high quality low and high volatile coals mined in the United States.

Sydney is located a long distance from the low volatile coal fields in southern West Virginia and central Pennsylvania and high cost of delivering this coal to Sydney now precludes any chance of using it to blend with Sydney coals. If after the war it is found to be economically possible to import some low volatile coal, the steel plant would be well advised to do so.

METALLURGICAL PROBLEMS AT SYDNEY

The carbonization or coking properties of the coals from the Sydney Coalfield have a far reaching effect on the metallurgical problems of the Dominion Steel & Coal Corporation, Ltd.

Coke, iron ore and limestone are the three principal raw materials used in the manufacture of iron and steel. To my knowledge there is no other steel making plant in the United States or Canada producing iron and steel from such poor quality coke and poor quality iron ore.

Let us compare the quality of the coke and iron with other steel plants in the United States and Canada.

The A. S. T. M. (American Society for Testing Material) Tumbler Test is used throughout the United States and Canada as an index of blast furnace coke quality. The higher the Tumbler Index, or stability as it is sometimes termed, the better the quality of the coke for use in the blast furnace. Blast furnace coke produced from a blend of high quality, low-volatile and high-volatile coals will have a Tumbler Index of 40 to 50 (usually approximately 45).

Blast furnace coke produced from the high volatile, high sulphur Sydney coals from the Phalen and Harbor seams, will have a Tumbler Index of 25 to 30.

The iron ore used at the Dosco plant is from the Wabana ore mines in Newfoundland, but unfortunately this is a very dense hematite containing an average of 12% silica, approximately 50% iron, .90% phosphorus, and practically no manganese. The silica and phosphorus are both undesirable and

greatly reduce the quality of iron produced in the blast furnaces.

The bulk of the iron ore used by the other steel plants in Canada and the United States comes from the Mesaba Range in Minnesota. The Mesaba ironore contains a higher iron content 51% to 55%, and lower silica content 4% to 8%, lower phosphorus content 0.07% to 0.10% and higher manganese content 0.33% to 0.75%.

I have called the attention of the Royal Commission to the inferior quality of the principal raw materials used for the production of iron and steel; namely, coke and iron ore because these metallurgical problems extend directly back to the use of coal from the Sydney coalfield. The Dosco operators are all familiar with these unusual problems, but the general public has no conception of what is involved when an industry has to face such problems as I have encountered here, and I wish to say that in my years of experience I know of no other steel plant that has both poor quality and high sulphur blast furnace coke and poor quality, high silica and high phosphorus iron ore.

In my opinion much credit should be given the Dosco management and operators, who, over the many years that the Sydney plant has been in operation, have been able to develop metallurgical processes for the production of iron and steel from two such poor quality raw materials.

The Dominion Steel and Coal Corporation has in the past years made some major improvements, that I would like to call to the attention of the Royal Commission. In 1943 the Arthur G. McKee & Co., who are the foremost blast furnace equipment engineers in the United States, built a new blast furnace (No. 3) with all the latest modern improvements. In the Spring of 1944 McKee & Co. also built for Dosco a modern crushing and screening plant for improving the physical condition of the iron ore. The iron ore is crushed and screened to produce three different sizes of closely sized ranges. The

fine size ore is not used directly in the blast furnace, but is sintered in a modern Sintering Plant, started in the Fall of 1944. The new Sintering Plant produces a sinter or conglomerate that may be used in the blast furnace, from the fine size iron ore and the flue dust, (the flue-dust is a by-produce of the blast furnace operation).

In my opinion these were necessary steps in the improvement of blast furnace operation on account of the poor quality, size, structure, and high sulphur content of the blast furnace coke produced from Sydney coals. Dosco cannot get the full benefit of these recent improvements at the blast furnaces, until the coke is improved.

We hope that we can improve the quality of the coke by our two years research program now under way, but, if I may repeat, we will never equal the quality of blast furnace coke produced by other steel companies in Canada and the United States, using a blend of high quality, low volatile and high volatile coals.

BY THE CHAIRMAN - May I ask a question there. Has there been any investigation by experts as to anything that can be done to high sulphur coal to in any way remove that sulphur before it is coked?

A. It is under investigation right now. I have a process that is being investigated now for reducing sulphur in coal, and we hope to have something in the next few years. It takes time to develop those things.

Q. It won't be covered here?

A. No. Right at the present time the washing plants do not reduce the sulphur because that sulphur is inherent throughout the coal and we have to crush the coal and release it.

BY THE CHAIRMAN - Well that is encouraging anyway.

EFFECT OF POOR QUALITY COKE AND IRON ORE
ON IRON PRODUCTION AT DOSCO

Poor quality coke and poor quality iron ore reduces the iron production of the Dosco blast furnaces, as compared to blast furnaces at other plants using high quality coke and iron ore. The normal production of Dosco No. 3 modern blast furnace is 500 tons per day (the best average iron production was 551 tons during November 1944) as compared with an average of more than 800 tons per day at other steel plants in the United States with blast furnaces of the same size and similar construction.

High silica iron and high sulphur and ash coke, require more limestone as a flux. The common practice of blast furnaces in Canada and the United States is to carry a slag volume of 800 to 1000 lbs. per ton of iron produced, whereas, it is necessary to normally carry 1600 to 1800 lbs. slag volume and has gone as high as 2300 lbs. per ton of iron at the Dosco blast furnaces.

Also the quantity of coke used per ton of iron is much greater with the higher slag volume in the blast furnace. Quoting from page 18 in my paper "Plan to Improve Blast Furnace Coke" under the heading of "Advantage of Low Sulphur Coals", "High sulphur blast furnace coke requires more limestone and more limestone means means more coke and less burden, therefore a low sulphur coke will increase iron production and require less coke per ton of iron produced."

The Dominion Steel & Coal Corporation, Ltd. will always have a low iron production from their blast furnaces, as long as they obtain the high silica, iron ore from the Wabana ore mines in Newfoundland and use coke produced from the high sulphur coals from the Sydney Coalfields.

DOSCO COKE OVEN PLANT

The coke oven plant at Sydney consists of 180 Koppers coke ovens, coal washery, by-product recovery apparatus, etc. They are coking 100% high volatile, high sulphur coal from

the Phalen and Harbor Seams in the Sydney Coalfield.

The Dosco coke oven plant is twenty-six years old, but their coke oven operation and recovery of by-products is the same as most coke oven plants in the United States and other parts of Canada. A "Report of the Technical Committee on Coke Oven Practice," of a survey conducted by the American Iron & Steel Institute, dated August 31st, 1943, states:

(I have no copies and suggest that you write for this, but I will show you such a paper exists. I cannot give you this as it is a confidential copy, and the only one I have.)

BY MR. FRAWLEY - You think we can get it by writing to Mr. Bent?

A. Yes.

MR. BROWN (continues Brief)

"42% of the by-product coke ovens in the United States accounting for approximately 25,000,000 tons, which is one-third of the total annual production of coke, are from 26 to 35 years of age".

The Royal Commission may obtain a copy of this confidential report from Mr. Quincey Bent, Chairman, Manufacturing Committee, American Iron and Steel Institute, New York.

I made a thorough inspection of the coke ovens at the Dosco coke plant and found that they had been well maintained and their present condition compares favorably with coke ovens of the same age throughout the United States.

The coal is washed to reduce the ash and sulphur content. The sulphur content is only reduced to between 2.30% to 2.50%, which is much higher than the coals used at any other plant in the United States and Canada. There is a 10% refuse loss in washing, which is charged against the cost of washing at the full price of the coal, thereby greatly increasing the cost of the washed coal charged to the coke ovens.

The use of 100% high volatile coal also reduces the coke yield. Another Canadian steel producer recently built a battery of 83 modern coke ovens, coking a mixture of high quality, low volatile and high-volatile coals. This battery, of 83 coke

ovens produces as much coke per day, as the three (3) batteries of 180 coke ovens at Dosco. However, the cost of installing modern coke oven, especially designed to coke 100% high volatile coal, would cost many millions of dollars.

And I have another report, it is not contained in here, on which I have authentic figures on the cost of coke ovens.

COM. McLAURIN - What would it cost, new battery & modern coke ovens
BY MR. FRAWLEY - Would you identify that for the record.

A. Report of the Technical Committee on Coke Oven Practice, American Iron & Steel Institute, meeting held at the Duquesne Club, Pittsburg, on Tuesday, Oct. 5th, 1943.

Table 3 has some costs on by-produce coke ovens. 174 ovens probably in 2 batteries, large ovens, produce coke per ton per day 18.4, that would produce 3200 tons of coke per day. There are three figures here again on the different types of by-product recovery. and so on.

Under (c) we have coal and coke handling primarily exhausters, basters, etc., benzene still, ammonia still, etc. per oven \$47,500. And there would be a slight tariff and exchange. Cost of the plant \$8,265,000. If this plant included coal and coke handling and a complete benzole by-product plant..

BY MR. McNEIL - How much higher would that be from United States dollar.

A. 15% to 20% exchange and duty. I would not know exactly.

BY THE CHAIRMAN - You are talking about present rate of exchange?

A. This was 1943.

BY MR. McNEIL - Does that include duties and surtax?

A. No, these are United States figures. I don't know what the surtax and tariff and exchange would be; it would be considerably higher.

Q. It has been suggested to me that it would be 65% higher.

A. I would not know. I am giving the United States prices.

BY MR. McLAURIN - We are not buying them today. I just wanted

to illustrate that it was a substantial figure.

BY MR. BROWN - Without by-product handling. A complete plant would be \$72,500, and the plant \$12,615,000 - 174 ovens with ability to produce 3200 tons per day, net tons.

BY COMMISSIONER McLAURIN - What is the coke production capacity of the present ovens here, approximately?

A. 1500 tons.

BY MR. FRAWLEY - This would double the capacity?

A. I was not thinking of this. I wanted to bring out the fact that coke ovens cost considerable money, and we have a limited supply of by-products from this small installation here.

Q. The installation of this plant that you have told us about, that would take care of 100% high volatile coal which this Company must use?

A. Yes, but I believe ^{if} it is economically possible, it would be better to put in a percentage of low volatile coal.

Q. But there is an equipment which would give them a better performance using the high volatile coal?

A. Yes, but they never would get the coke that we get.

BY COMMISSIONER McLAURIN - Would it be your definite recommendation that the low volatile American coal should be mixed with this high volatile coal to produce a good metallurgical coke.

A. If it could be done it should be. Possibly only 10% would do the job.

Q. And as an expert with full recognition of the responsibility you are definitely of the view right now that those coke ovens should have some low volatile mix?

A. It would improve the quality of the coke definitely.

Q. Could that not be brought waterborne?

A. It could be brought from Newport, or on return when the Company's vessels go to Ontario.

Q. We would have to get rid of that 75¢.

A. It is something that will have to be studied after the war.

MR. BROWN (continues Brief)

The coal by-products recovered at the Dosco coke plant are the same as recovered at practically all other coke plants in Canada and the United States. However, recently there has been a trend to investigate the possibilities of recovering and refining more of the many coal by-products. We hope that the two years research program on coal, coke and by-products, now being conducted, will give us more knowledge in regard to by-products than may be economically recovered.

BY THE CHAIRMAN - You have made scientific examinations and analysis of the Nova Scotia coal?

A. Some. We are working on that now.

Q. It is within the range of possibility that you may discover some day, and we hope in the near future, a coal in this Province or Western Canada that will be as good at coke making as the coals you are producing in the United States?

A. It is comparable for that now. The Harbor and Phalen seam coal is good as compared with our Northern West Virginia and Green County, Pennsylvania, coal.

Q. But not good enough to make the high quality coke?

A. We are not coking 100% high volatile coal in most steel plants; we are mixing low volatile to improve the quality. If you read this paper you will find the limitations on high volatile coal and why we use low volatile coal with it.

Q. Have you ascertained in any way that you are getting a better coking coal as you go out in the submarine areas?

A. We are investigating just that point. We are investigating the different levels there to see where we are at. That is under investigation now.

BY COMMISSIONER McLAURIN

Q. The ash content is getting a little greater as you proceed from West to East?

A. And the sulphur too.

Q. Then the further you go out you are having a little degradation or deterioration?

A. I don't know.

Q. It is a possible trend?

A. As we go from the West to the East there is a trend.

BY THE CHAIRMAN - - I see from your records that there is a statement made to this effect; That the submarine coal is better for coking purposes than is the land areas. I am talking of Nova Scotia.

A. The land areas might be oxidized due to less cover. You have more cover out there and less oxidation, and it makes a better coking coal. We are working on that now.

BY MR. FRAWLEY - But it is all classed as high volatile coal?

A. Yes.

BY MR. McNEIL - As you go submarine you are going North.

BY MR. FRAWLEY - You are certainly not going West.

BY MR. BROWN - It increases from West towards the East.

How your submarine mines run, I don't know.

BY MR. McCALL - Is it clear that when you go submarine you are going North, and as you go towards the Morien district you are going towards the East, and that is where the increase in the ash is. That question was asked to me "If there was any change in the coal as we went out to sea" and I said "No". The directions are a little confusing.

RESEARCH PROGRAM ON SYDNEY COALS

The Federal Mines Branch at Ottawa has made a number of washability and carbonization tests on coals from the Sydney Coalfields and other Nova Scotia coals. Drs. F. W. Gray, W. A. Bell, R. Heath Gray and others have made an excellent study of the geology and petrography of the Sydney coal areas. All this valuable information will be extremely useful in our study of Sydney coals.

I wish at this time to pay tribute to Dr. F. W. Gray for his untiring research work on the geology of Nova Scotia coal. He took up this study as a hobby and has given much of his own personal time in finding out what happened millions of years ago, when the Nova Scotia coals were being laid down in the form of peat. I hope that the people in the

Province of Nova Scotia will some day appreciate the fine work Dr. Gray has done.

The Dominion Steel & Coal Corporation have been alive to the problems on coal quality and coke oven operation and realize the necessity for even more intensified research on these problems, so they may be better prepared to meet Post-war competition.

Dosco is not alone in regard to the necessity for research on coal, coke and by-products. Every coal and steel company in the United States is vitally interested. A large coal operator in the United States is planning an investigation on "The Future of the Coal Industry". The railroads and practically all the coal operators in the United States are contributing to the Bituminous Coal Research Corporation. The writer at the present time is co-operating on three research investigations to improve the quality of West Virginia coals.

In August 1944 the writer visited Sydney at the request of the Dominion Steel & Coal Corporation to make a two weeks survey of the Sydney Coalfield, coke plant, and blast furnaces, for the chief purpose of improving blast furnace coke, in order to reduce the cost of iron.

Dosco had a research program under way prior to my coming to Sydney, on coal, coke and iron making practice, such as bedding of coals from the different mines, improving coke plant operation, improving the iron ore by crushing and sizing, sintering the fine iron ore and flue dust, etc.

The writer visited three mines in the Sydney coalfield in August and studied the Phalen and Harbor Seams at the face. The quality of blast furnace coke starts at the coal face, deep down in the mines. Then a study was made of the coal washery (at the coke plant), the coke plant operations, the by-product recovery, the by-products being recovered and the blast furnace coke and blast furnaces.

On August 12, 1944, a Coal and Coke Committee was set up composed of members from the Coal Mining, Coke Oven, Metallurgical, Blast Furnace and Management departments, who are all well qualified to conduct this program of research. This Coal and Coke Committee has had eighteen (18) meetings since August, and has been in continuous contact with the writer. The Committee is showing a great deal of interest and activity in this research program.

A two-years research program has been drafted on coal, coke and by-products, which is already under way. This research program will be carried out by the Research and Development Department of the Dominion Steel and Coal Corporation under the direction of the Coal and Coke Committee and the writer.

The writer plans to visit Sydney every two or three months for consultation with the Coal and Coke Committee. The second visit was made in October 1944, and the third visit in January 1945. And as soon as I get through this I am getting out there and getting to work again.

We have just completed the construction of an experimental coke over, which will coke approximately 400 lbs. of coal. It is now being heated up and will be in operation within two weeks. This experimental coke over will be used to study the carbonization properties of all Dosco coal mines and seams, and to develop methods for improving blast furnace coke in order to reduce the cost of iron and steel.

This two years research programme covers the following:

1. Study of the geology of all coal seams owned or operated by the Dominion Steel & Coal Corporation.
2. Study of the quality of Dosco coals.
3. Study of the washability of all Dosco coals in order to determine how the ash and sulphur may be reduced to compete with United States coals. (The washability tests on the Phalon and Harbor Seams have already been started in the Dosco laboratories.)

4. Investigate the carbonization (coking) properties of all Dosco coals.
5. Investigate the sulphur in Dosco coals. (The samples from the Phalen and Harbor Seams have already been taken and the work is under way.)

Q. I suppose when you say that, it includes their areas in the Mainland?

A. No, this is confined to the Sydney Coalfield, at the present time. We may get to the other areas as we get more of this work done. This paper here that I have quoted from has 10 years of research work behind it.

BY MR. FRAWLEY - Are they using coal from any seams other than the same seams which the Dominion mine? If the Independents were mining other kinds of coal, you might include their coal in this research work?

A. Well my research work is for the Dominion Coal Company.

Q. And you are limited to Dominion Coal?

A. I don't know anything about the other operations.

Q. I think the coals you are working on are the same coals that the Independents are operating.

A. I would rather have someone else go into that.

BY THE CHAIRMAN - We will have to get some of that coal up to Ottawa.

BY COMMISSIONER McLAURIN - No reason why the Dominion Coal should investigate the Independents' coal.

BY MR. FRAWLEY - What research facilities are there available in this Province for that kind of work. I know what is available in Alberta, but I want to know what is available here.

BY THE CHAIRMAN - Do you know what is available in Ottawa?

A. Yes, there is lots in Ottawa.

BY THE CHAIRMAN - If we are going to make any recommendations as to further investigations about this, it is to Ottawa we will go to ask to do it, not Nova Scotia. They have asked us to investigate this thing.

BY COMMISSIONER McLAURIN - You are not being critical of Mr. Frawley when he suggests that someone pays for something and makes it a gift to someone else.

BY MR. FRAWLEY - I think with all respect, there are two sides. This is a large Corporation and they might be doing a little work on a communal basis.

MR. BROWN (continues Brief)

8. Investigate the recovery of by-products at the Dosco coke plant and make a complete evaluation of each of these coal by-products.

Chemical Industry based on By-products from Sydney Coals.

The possibilities of a chemical industry based on Sydney coals or coal by-products, is very remote at the present time. However, the Dominion Steel & Coal Corporation as part of their research program plan to investigate all possibilities and keep in touch with all new developments.

Coal by-products have been greatly glamorized to the public since the advent of Nylon, plastics, synthetic rubber, etc. Coal by-products have contributed in many ways to the benefit of the people, but we must realize that even though you did mine six or seven million tons of coal per year, as compared to six hundred millions of tons per year in the United States, the coal production from the Sydney coalfield is very small, only one percent.

You also must realize that only 800,000 tons of Sydney coal is carbonized (or coked) therefore, the quantity of coal by-products is limited.

Let us consider Hydrogenation, which we hear so much about in recent years. We plan to keep in close touch with all research on hydrogenation, which is being conducted by the Canadian and United States Bureaus of Mines.

There has been one and a half million dollars appropriated by the Canadian Government for hydrogenation research. The United States Government has appropriated thirty (3) million dollars for research on all processes, and types of

hydrogenation on coal, lignite, natural gas, oil shale, etc.

The question of hydrogenation is in able and well qualified hands and the results of this research may be very valuable to both Canada and the United States in years to come. The research work on hydrogenation should be followed and Dosco's research program does include a study of the possibilities of hydrogenation process from coals from the Sydney Coalfield.

Nylon has been a wonderful invention, as all the ladies will tell you, particularly in regard to Nylon hose. The process for making Nylon was developed and is exclusively owned and manufactured by the du Pont Company.

Nylon is a thermo-setting plastic produced by a complicated process from phenol (carbolic acid) or indirectly from high quality benzene (benzol) derived from coal. The coke ovens at the Dosco steel plant under full operations and with special refining equipment would produce approximately one million gallons of this high grade benzol per year. Benzol is only one of the many raw materials and chemicals necessary for the production of Nylon. There are no other coke oven plants in Cape Breton and this small amount of benzol would only be enough for no more than one week's operation of a large size Nylon plant, out of the whole year. One pound of high grade benzol, plus many other chemicals, not available in Nova Scotia and a complicated process, will produce approximately three (3) pounds of Nylon fibres.

High volatile coals, such as the coals from the Sydney Coalfield, produce a larger amount of tar acids (phenol, cresols, xylenols, etc.) than low or medium volatile coals from the United States. These tar acids are found in the coal tar and are used in the manufacture of phenolic resin or thermo-setting plastics (such as Bakelites, etc.)

I might add that 80% of the plastics are made from phenolic resin; or your moulded products are made from phenolic resin or Bakelite.

MR. BROWN (continues Brief)

The Dosco research program will determine the quality of these tar acids that may be produced and study the economics of utilizing these tar acids for producing plastics.

CONCLUSION

Nature has laid down an abundance of coal in Cape Breton, but Nature also put considerable ash and sulphur in this coal, then by the action of geological thrust and pressure a large portion of these coal seams tipped and the ocean came in and covered them over.

I have tried to show the Royal Commission the reason for the high ash and sulphur content of these coals, which increases generally from the West towards the East in the Sydney coalfield.

The coking properties of the Phalen and Hebor Seams, now used for coke making, is similar to coals in Northern West Virginia, and Greene County, Pennsylvania, which are not used 100% by any coke plant in the United States. The quality of the coke produced from 100% Sydney coals will never equal the quality of the coke produced by other steel plants in Canada and the United States using a blend of high-quality, low-volatile and high volatile coals.

The quality of the coals from the Sydney coalfield for steam and domestic purposes, compares very favorably with coals from the United States, with which the Sydney coals have to compete.

In my opinion, the Dominion Steel & Coal Co. Ltd. management, mining and operating departments have done an excellent job in coking coals from the Sydney coalfield without the admixture of a high quality, low-volatile coal, usually used at other steel plants for the production of a better blast furnace coke. Also should be given much credit for producing high quality iron and steel from high-silica and high phosphorus iron ore and low quality, high-sulphur blast furnace coke.

I know of no other steel company in the United States or Canada, who have to use both poor quality iron ore and poor quality coke.

The research program, which has been conducted for many years in solving their coal and metallurgical problems, is now being intensified by a two years program of research on coal, coke and by-products. I am very glad to be associated with Dosco and I am keenly interested in this research programme and I hope that my knowledge and many years experience on coal, coke and by-products will be helpful to Dosco and the Royal Commission in solving some of the problems of the coals from the Sydney Coalfield.

EXAMINED BY MR. FRAWLEY

Q. Now Mr. Brown I am afraid that two gentlemen, Mr. Fischer and Mr. Tropsch will feel badly that you have failed to mention them.

A. Well the Fischer-Tropsch and the Bergins processes are well known processes of hydrogenation. They are two processes entirely different, and of those processes the Canadian Bureau of Mines apparently spent more time on the direct hydrogenation by the Bergins process. The United States Bureau are investigating all processes, both Fischer-Tropsch and Bergins.

Q. It has been suggested to the Commission that we might very well obtain the opinion of Dr. Henreid Storoh in regard to the Bergins.

A. I would advise you to do that.

Q. It would appear from your submission that the Dominion Company is now getting down to grips with this question of the high volatile coal they have to use here.

A. That is right.

Q. And they have brought you from Pittsburg to advise them generally with the whole problem?

A. Coal, coke and by-product.

Q. You have been with them since last August?

A. That is right.

Q. Do you know if this is the first attempt of this magnitude that they have made?

A. No, they have been endeavoring to do it, and the program is being more intensified to make ready for post-war competition.

Q. I suppose they have always had a research department of their own?

A. Just recently developed it, but the various departments have been working on these problems under the metallurgical department.

Q. But they have no research laboratories comparable in any way with the Fuel Research at Ottawa?

A. No. The Metallurgical problems have been the great problems.

Q. They have been what they have been worrying about?

A. Yes.

Q. There has been no intensified research on carbonization of coal itself?

A. Only associated with the plant. They have tried to improve their coke and they have done a good job so far, and are intensifying it.

Q. Do I understand that your instructions are so broad as to include the matter of the liquification of coal?

A. Only the study of it. It too is being done, it is in capable hands. It would cost too much money to do it and we would only be duplicating the work already being done.

Q. And you expect to obtain a reading knowledge of it and impart it to your employers, but not do any of it?

A. I am in close touch with Dr. Storch, Dr. Schroder, Dr. Feilner, who are in the United States Bureau of Mines in handling this ^{synthetic} fuel problem, and with Dr. Warren Bowles and Burroughs who are handling it for the Canadian Government.

Q. As a matter of fact, in Washington they have an office of synthetic fuels.

A. Under W. S.

Q. You are contenting yourself with close contact with those people in so far as Sydney coal is concerned?

A. It is something for the future.

EXM. BY FATHER O'BOYLE

Q. You are a graduate engineer in chemistry?

A. Chemical Engineer, yes.

Q. You have been here since August?

A. No, I havn't. I came in August for two weeks, and was here in October, and am here now.

Q. Are you the head of the Research Department of the Dominion Coal Company?

A. No sir, Consultant.

Q. Who is the Head of it?

A. Mr. Norman Parlee.

Q. Who is a graduate Engineer?

A. I believe so.

Q. He has a laboratory some place here?

A. We have a laboratory in connection with the Metallurgical Department.

Q. The general laboratory at the Steel Plant?

A. Yes.

Q. That has a coal division?

A. Yes.

Q. How many men on the staff?

A. I would not know.

Q. On the research staff?

A. I would not know. I have two men assisting me in this program, and we have the Chief Chemist doing the analysis.

Q. That is the general staff of the laboratory at the Steel Plant?

A. Yes.

Q. What does this Research Department amount to? Is there any substance to it? It is beautiful on paper.

A. I have brought out the fact that we have this experimental coke oven.

Q. Yes.

A. And we are just starting on this work and they have ordered a great deal of equipment for doing this work. It takes a considerable time to get it. It was ordered when I was here in October and some is in. We are going to set that up at the coke plant so that we can evaluate the by-products. That takes all the equipment.

Q. Will you be here permanently to head up that department.

A. No I will come here every two or three months. I am only a Consultant. I will not head up the Department.

Q. I have seen for years and years the extreme need of that sort of thing here. I know in the Steel Plant for instance the Experimental Department there has done something wonderful, I believe they have made a name for themselves in a certain type of rails.

A. There is much to be done here and in the United States.

Q. This will be a separate department?

A. Yes.

Q. Well staffed?

A. Yes.

Q. Have you any connection with the Maritime Universities?

A. No.

Q. Why not?

A. I don't know why. I have not gone into that.

Q. After all the people build those places and they should help.

BY COMMISSIONER McLAURIN - Why have not the Maritime Universities got in touch with Mr. Brown?

BY MR. BROWN -- In the States we work with the Universities, Columbia University, American Institute of Technology, and so on.

DR. BOYLE - If the Universities got in touch with you I would be glad to do something.

BY COMMISSIONER MORRISON - Perhaps you could act as a liaison officer between them.

MR. BROWN - Perhaps I could have a personal interview with you some time Dr. Boyle, in this matter.

DR. BOYLE - I should be delighted, because I think it is essential for any province in this country.

MR. BROWN - We are just getting started.

BY THE CHAIRMAN - What is the difference between the kind of coal that is used for steel making and the kind that is suitable for domestic fuel?

A. For domestic fuel it contains a high ash fusion. It has to compete with anthracite coal and therefore they must carbonize coals that have a high ash fusion temperature. For instance take LaSalle, they use a high ash fusion coal so that the coke produced will have a high ash fusion and low sulphur.

Q. The LaSalle people cannot get the coal from the usual competitive sources that we have in the United States. Your West Virginia coal, is that what they use?

A. No, they would not use that Fairmont coal, the sulphur and ash fusion would be too high. No. 2 Seam and Alden Seam.

Q. Where are they?

A. In the Northern part of West Virginia, in Districts 7 and 8.

Q. Not knowing anything about these scientific matters, I would suppose that if our Nova Scotia coal, or Cape Breton coal, with which you are familiar, is being 100% used for making coke, which is fairly good, at least. they have been carrying it on for years, that the same coal could be used to make a good coke for domestic fuel purposes.

A. Well the coke is so soft and friable, it would not bear shipping. They want a uniform size coke in domestic use. After it was shipped and handled, when delivered to the customer would it equal the coke produced from high grade coal.

Q. The Steel Company has been using 100% of our Cape Breton coal for the purpose of making coke, and they make a coke

that is at least good enough for smelting purposes. It is true it is not perfect.

A. It can be better.

Q. Don't you think that our coal here will make a good domestic coke?

A. Well I would not say that because the structure of it will not stand up in handling.

Q. Then there must be some difference between the coke that is necessary for smelting purposes and the coke that is necessary for domestic purposes?

A. Exactly, there is. Coke for domestic purposes has to be sized and with a high ash fusion. If it would handle better we could make better coke, and we are hoping by experiments that we will improve it even with Sydney coal. If we had some low volatile in it.

Q. I am not talking about the best.

A. We have a low ash fusion coal. That does not matter in the blast furnace, but for domestic use they must have a high ash fusion, or otherwise it will form big clinkers in the grate.

BY COMMISSIONER MORRISON - In other words you are advancing the opinion that there is no substitute for quality?

A. Right.

BY MR. FRAWLEY - They do make a coke here in Sydney for domestic purposes?

A. It does not compare with the coke that is produced in the United States.

BY THE CHAIRMAN - My suggestion is not that we are making a real good coke for steel purposes, but we have been getting along with it.

A. Oh yes, and doing a fine job.

BY MR. FRAWLEY - There is being sold in the area today coke from the Sydney Steel Plant for steam raising purposes?

A. Well it is brought around to the customers' houses.

Q. But you say because of its poor handling qualities it would not do to supply the Montreal market?

BY COMMISSIONER McLAURIN

Q. It would not be of as good quality? A. No.

Q. It would not handle right.

A. It would not compete with those cokes being sold in Montreal now?

Q. With a mixture?

A. No.

Q. It would not handle well enough and has not the quality?

A. That is right.

Q. And it is used here because it only has to be handled once, and they probably make some provision for it in their equipment?

A. They have screen equipment and they screen it and put it in the truck and deliver it.

Q. But it is out of the question to increase the capacity and hope to take the place of the Lasalle Plant?

A. No.

BY THE CHAIRMAN - We are not looking to send coke from here to Montreal, but are trying to get the kind of coke used in the Lasalle Plant and other places in Montreal.

BY COMMISSIONER McLAURIN - All the coal that is coked here is of course prepared through the washing plant?

A. That is right.

Q. Would I be wrong in saying that that washing plant almost approaches the obsolete? I have seen it.

A. It is 26 years old and there is more modern equipment being built, and we are trying to improve that washer and hope to make the best use of what we have here.

Q. I realize you have your economic problems and have to cut your clothes according to your cloth, but that plant does not begin to compare with the typical washing plant in the United States and Canada, that have been built in the last 10 years?

A. Big improvements have been made.

Q. And you are not going to get the best results from Sydney coal until you have a comparable washing plant?

A. Well the sulphur is the problem on this. The ash is not too big a problem. We get probably better results than with coals hard to clean, and we can improve the washer some and have already, and we are working on it.

Q. But looking ahead for 6 or 7 years with an industry enjoying some prosperity, one of the things would be..

A. If you build new coke ovens you certainly would build a washing plant to go along with it.

Q. If money can be obtained from the Federal Government, what would you suggest as a possible plant for a fuel by-product chemical industry in Cape Breton?

A. Keeping in mind the high cost of by-product coke ovens, and if sufficient money could be obtained, it is possible that Sydney coals could be carbonized and the coke used in the Fischer-Tropsch process. This is looking ahead. You take the coke ovens and put the coke in and recover the by-products and we have coke available which can be used. In the Fischer-Tropsch process we produce a low octane gasoline, and it is possible that the benzene obtained from the by-products might be used to improve the gasoline produced. It also produces a high class Diesel oil and paraffine wax. The whole thing is based on selling, marketability. You are in an isolated section here.

Q. And possibly if the plant was made large enough you would have enough coal tar to take out the tar acids and possibly sufficient material for a plastic.

EXM. BY DR. BOYLE - Have you heard of any by-product industries such as we used to have, such as fertilizers and cement?

A. No, I have not. Those things are all based on economy. Whether it is practical to do. You don't have the necessary chemicals here. Hydrogenation of the whole of the coal with the Bergin process, but where are you going to get the hydrogen? If you had natural gas you could take that, but you have no natural gas. Where are you going to get your hydrogen?

BY THE CHAIRMAN - Where do they get it in the Tennessee Valley?

A. I believe from a power.

Q. They have no natural gas.

A. No. In some places they use reconverted natural gas, and where they have salt they take the hydrogen from the salt. In other words you have to have coal and hydrogen. One gentlemen, Mr. Chew, brought out 143 gallons per ton of coal, that is not a high grade gasoline, there are other products there.

BY MR. FRAWLEY - Would not the high pit-head cost of this coal be a deterrent?

A. Very much. The figures are based on American coal at approximately \$2.50 a ton. If your coal is higher it will raise your cost accordingly. There is a great deal of economies in this thing. Where is your hydrogen coming from, and with the high cost of coal.

12:15 P.M. HEARING ADJOURNED

Sydney, N. S., Thursday, January 25th, 1945 - 2:00 P.M.

HEARING RE-CONVENED

BY MR. FRAWLEY - Mr. McCall has a concluding statement to make and one of the matters he was going to discuss were representations contained in a Brief delivered to us, not yet filed, on behalf of the citizens of Brad d'Or community. I am told that the gentleman who will submit that Brief will not be here until tomorrow morning, and I think perhaps Mr. McCall had better wait until after Mr. Coady makes his submission.

BY THE CHAIRMAN - Is there any reason why Mr. McCall wanted to make his submission today?

MR. FRAWLEY - No, I only wanted to finish him up.

BY THE CHAIRMAN - Then I think he had better wait.

BY MR. FRAWLEY - Mr. Gordon is submitting copies, Mr. Cohen asked him to submit a copy of the Agreement between Old Sydney and Scotia, and the arrangement between Dosco and Old Sydney regarding fee for services, etc. Mr. Gordon can file some of that, and some has to come by letter from Montreal, so I have told Mr. Gordon he may submit all of that when he appears before the Commission in New Glasgow.

BY MR. McCALL - I would like to file a statement showing the number of shifts worked in 1938 and 1939, that was asked for by Mr. Cohen.

EXHIBIT NO. 33 - statement showing shifts worked
by Employees, Dominion Coal Co. Ltd.
Years 1938 and 1939.

-631-

Shifts - Year 1938.

shifts Worked	No. of Employees		Total
	Cape Breton	Springhill	
Up to 50	134	8	142
51	4		4
2	5	1	6
3	3	1	4
4	5		5
5	5		5
6	4	1	5
7	2		2
8	4		4
9	5		5
60	4		4
1	4	2	6
2	1		1
3	2	1	3
4	3		3
5	2	1	3
6	6		6
7	1		1
8	4	3	7
9	3	2	5
70	5	1	6
1	3		3
2	7		7
3	1	2	3
4	3	1	4
5	5		5
6	6	1	7
7	2	1	3
8	10		10
9	2		2
80	2	1	3
1	4		4
2	8	1	9
3	3		3
4	6	1	7
5	10	1	11
6	5	1	6
7	12		12
8	13	1	14
9	7	1	8
90	7	2	9
1	6		6
2	9	1	10
3	14	1	15
4	11		11
5	17		17
96	6		6
97	12		12
98	6		6
9	8	3	11
100	14		14
1	12		12
2	22		22
3	13	4	17
4	7		7
5	17		17
6	7		7
7	14	4	18
8	12	1	13
9	14	4	18
110	10	2	12
1	11	3	14
2	14	2	16
3	14	1	15
4	14	3	17
5	15	3	18
6	13	6	19
7	10	3	13

<u>shifts</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
118	18	4	22
9	20	4	24
120	19	5	24
1	24	1	25
2	23	2	25
3	23	7	30
4	17	3	20
5	20	2	22
6	17	4	21
7	22	3	25
8	21	4	25
9	19	7	26
130	15	5	20
1	21	3	32
2	26	4	30
3	27	6	33
4	31	4	35
5	25	5	30
6	24	2	26
7	31	5	36
8	41	7	48
9	25	..	25
140	28	8	36
1	47	7	54
2	27	8	35
3	30	7	37
4	30	7	37
145	37	9	46
6	56	3	59
7	43	11	54
8	47	5	52
9	47	10	57
150	44	7	51
1	47	8	55
2	65	7	72
3	59	7	66
4	57	9	66
5	65	11	76
6	52	12	64
7	67	10	77
8	61	12	73
9	72	12	84
160	64	20	84
1	81	14	95
2	99	19	118
3	95	9	104
4	84	22	106
5	93	22	115
6	120	14	134
7	97	16	113
8	95	17	112
9	93	19	112
170	101	23	124
1	104	22	126
2	97	27	124
3	111	26	137
4	132	32	164
5	113	22	135
6	108	29	137
7	109	28	137
8	111	23	134
9	104	28	132
180	82	26	108
1	82	14	96
2	109	19	128
3	87	15	102
4	72	21	93
5	82	12	94

<u>Shifts</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
186	112	16	128
7	65	14	79
8	84	18	102
9	75	16	91
190	79	8	87
1	74	6	80
2	83	10	92
3	92	9	102
4	71	6	77
5	63	9	72
6	62	7	69
7	66	10	76
8	71	6	77
9	63	11	74
200	60	4	64
1	68	9	77
2	57	6	63
3	44	6	50
4	50	10	60
5	50	4	54
6	50	5	55
7	49	9	58
8	45	5	50
9	56	2	58
210	38	6	44
1	34	7	41
2	47	7	54
3	37	9	46
4	47	7	54
5	41	7	48
6	42	6	48
7	38	3	41
8	31	3	34
9	36	8	44
220	32	2	34
1	32	4	36
2	38	6	44
3	33	4	37
4	31	4	35
5	33	7	40
6	31	1	32
7	35	5	40
8	28	5	33
9	22	4	26
230	30	7	37
1	33	2	35
2	31	1	32
3	27	4	31
4	27	1	28
5	17	2	19
6	23	2	25
7	19	2	21
8	22	1	23
9	26	4	30
240	28	3	31

<u>Shifts</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
241	20	4	24
2	25	3	28
3	16	5	21
4	23	4	27
5	14		14
6	19	1	20
7	19	3	22
8	16	1	17
9	20	1	21
250	21	2	23
1	16	3	19
2	24	1	25
3	12	1	13
4	13	2	15
5	13	1	14
6	16	1	17
7	16	5	21
8	11	3	14
9	9	2	11
260	13	2	15
1	8	1	9
2	11	2	13
3	15		15
4	11	1	12
5	15	1	16
6	10	1	11
7	12	1	13
8	9	1	10
9	11		11
270	11	3	14
1	14		14
2	12		12
3	15	1	16
4	9		9
5	11	1	12
6	6		6
7	3	1	4
8	7	2	9
9	7		7
280	2		2
1	8	1	9
2	6	2	8
3	13	1	14
4	5	2	7
5	7	2	9
6	6	1	7
7	8		8
8	9		9
289	8		8
290	6	1	7
1	10	1	11
2	7		7
3	1	1	2
4	5		5
5	6		6
6	3		3
7	5		5
8	16		16
9	7	1	8

<u>shifts</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
300	9	2	11
1	2	2	4
2	2		2
3	5	1	6
4	4		4
5	5		5
7	3	1	4
8	5	1	6
9	4		4
310	4	1	5
1	2		2
2	3		3
3	3	2	5
4	5	1	6
5	5		5
6	6		6
7	2		2
8	6	1	7
9	3		3
320	5		5
1	3	1	4
2	3	3	6
3	3	1	4
4	7		7
5	1		1
6	2		2
7	4	1	5
9	2	1	3
330	3		3
1	3		3
2	2	2	4
3	6		6
4	2		2
5	4	1	4
6	3		3
7	4		4
8	3		3
9	1		1
340	5		5
1	3		3
2	2		2
3	2	1	3
4	3	1	4
5	2	1	3
6	3		3
7	6		6
8	1	1	2
9	1		1
350	2		2
1	3		3
2		2	2
3	2		2
4	4	1	5
5	2	1	3
6	1		1
7	2		2
8	2	1	3
9	3	1	4
360	5		5
1	4		4
2	4		4
3	6		6
4	9	1	10
5	4		4
7	4		4
8	2	1	3
9	2		2
	3		

<u>shifts</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
370	3		3
1	2		2
2	1		1
3	3		3
374	1		1
5	1		1
8	1		1
9	1		1
381	1		1
4	2		2
8	1		1
5	4		4
393	1		1
401	1		1
404	1		1
405	1		1
407	1		1
408	1		1
410	1		1
411	3		3
414	1		1
416	1		1
418	1		1
423	1		1
425	1		1
439	1		1
460	1		1
<u>GRAND TOTAL</u>	8184	1320	9504

Comptroller's Office,
January 24th, 1945.

Shifts - Year 1939.

<u>Shifts worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
Up to 50	91	7	98
1	4	1	5
2	5	1	6
3	10	1	11
4	5		5
5	6		6
6	7		7
7	10		10
8	5		5
9	6		6
60	11		11
1	3		3
2	5		5
3	10		10
4	7		7
5	4	1	5
6	7	1	8
7	10		10
8	4		4
9	7		7
70	10		10
1	5		5
2	5		5
3	4		4
4	9		9
5	6		6
6	4		4
7	8		8
8	13		13
9	3		3
80	10		10
1	3		3
2	4		4
3	11	2	13
4	5		5
5	8		8
6	4		4
7	6		6
8	6		6
9	5		5
90	11	2	13
1	4		4
2	4	1	5
3	7		7
4	12	1	13
95	6		6
6	6	2	8
7	9		9
8	5		5
9	8	2	10
100	9	3	12
1	9	3	12
2	3	1	4
3	11	1	12
4	8		8
5	6	1	7
6	7		7
7	9		9
8	10	2	12
9	10	3	13
110	12	1	13
1	10		10
2	9	1	10
3	8	1	9
4	9	1	10
5	6	1	7
6	14	1	15
7	12	2	14
8	24	1	25

<u>Shifts Worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
119	11	2	13
120	13	3	16
1	11	1	12
2	6	2	8
3	12	1	13
4	14	4	18
5	9	3	12
6	11	4	15
7	15	4	19
8	13	4	17
9	10	1	11
130	17	3	20
1	19	2	21
2	10		10
3	16		16
4	21	1	22
5	12		12
6	15	3	18
7	15	5	20
8	22	4	26
9	23	3	26
140	19	3	22
1	28	2	30
142	21	2	23
3	23	2	25
4	23	1	24
5	28	3	31
6	23	1	24
7	27		27
8	24	2	26
9	29	4	33
150	21	2	23
1	26	4	30
2	30	4	34
3	34	3	37
4	28	1	29
5	21	5	26
6	32	3	35
7	36	4	40
8	25	9	34
9	46	3	49
160	30	6	36
1	37	3	40
2	34	4	38
3	34	6	40
4	43	5	48
5	43	4	47
6	39	3	42
7	41	9	50
8	47	10	57
9	47	7	54
170	45	7	52
1	39	10	49
2	53	3	56
3	45	13	58
4 m	48	9	57
5	47	13	60
6	46	3	49
7	55	7	62
8	56	8	64
9	63	9	72
180	61	10	71
1	70	12	82
2	64	9	73
3	52	5	57
4	59	8	67
5	71	3	74
6	70	7	77
7	69	10	79
8	87	12	99

<u>Shifts worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
189	95	15	110
190	93	10	103
1	89	12	101
2	99	12	111
3	91	9	100
4	73	8	81
5	100	17	117
6	91	20	111
7	99	11	110
8	77	8	85
9	103	15	118
200	90	21	111
1	93	13	106
2	85	15	100
3	85	14	99
4	103	10	113
5	77	12	89
6	83	11	94
7	87	21	108
8	71	22	93
9	76	19	95
210	72	15	87
1	72	19	91
2	63	12	75
3	78	10	88
4	67	26	93
5	67	18	85
6	57	15	72
7	66	24	90
8	61	17	78
9	65	9	74
220	63	11	74
1	72	14	86
2	50	9	59
3	53	16	69
4	58	20	78
5	56	17	73
6	63	13	76
7	57	18	75
8	38	14	52
9	66	4	70
230	49	20	69
1	44	8	52
2	60	5	65
3	46	9	55
4	52	13	65
5	45	7	52
236	38	11	49
7	47	11	58
8	44	8	52
9	33	6	39
240	48	8	52
1	37	9	46
2	40	6	46
3	45	7	52
4	36	6	42
5	41	7	48
6	33	7	40
7	40	8	48
8	33	6	39
9	30	7	37
250	33	5	38
1	26	4	30
2	27	6	33
3	29	4	33
4	25	6	31
5	22	4	26
6	34	2	36
7	22	5	37
8	31	7	38
9	20		20

<u>Shifts worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
260	17	13	30
261	23	2	25
3	31	5	36
3	19	4	23
4	28	1	29
5	19	1	20
6	26	3	29
7	14	3	17
8	10	8	18
9	19	3	22
270	17	3	20
1	27	1	28
2	13	3	16
3	18	3	21
4	24	1	25
5	15	3	18
6	22		22
7	13		13
8	17	3	20
9	16	3	19
280	12	1	13
1	18	6	24
2	14		14
283	18	1	19
4	11	2	13
5	17	1	18
6	18	2	20
7	10	2	12
8	16	1	17
9	12		12
290	13	2	15
1	15	2	17
2	12	3	15
3	11		11
4	13		13
5	6	4	10
6	9	1	10
7	9	3	12
8	13	3	16
9	6	3	9
300	19		19
1	13	2	15
2	12		12
3	8	3	11
4	8	1	9
5	9		9
6	7	1	8
7	6		6
8	10	1	11
9	16	1	17
310	10		10
1	6	2	8
2	14		14
3	9	1	10
4	4	1	5
5	6		6
6	6	1	7
7	6		6
8	1	2	3
9	4		4
320	7	1	8
1	3	1	4
2	5		5
3	12	3	15
4	8		8
5	7		7
6	4		4
7	5	1	6
8	3		3
9	5	1	6

<u>Shifts Worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
330	4		4
1	5	1	6
2	8		8
3	8	1	9
4	4	1	5
5	12	1	13
6	6	1	7
7	1	1	2
8	7		7
9	1		1
340	5	2	7
1	1	1	2
2	2	1	3
3	5	1	6
4	5		5
5	2	1	3
6	4		4
7	4		4
8	2		2
9	3		3
350	5	1	6
1	5	2	7
2	5		5
3	1		1
4	4		4
5	5	2	7
6	3		3
7	6		6
8	1	1	2
9	5	2	7
360	5	1	6
1	6		6
2	4	1	5
3	3	1	4
4	10	1	11
5	7		7
6	3		3
7	6		6
8	5	1	6
9	4		4
370	2		2
1	3		3
2	5		5
3		1	1
4	2		2
5	3		3
6	3		3
377	1		1
378	2		2
9	4		4
381	5		5
2	3		3
4	3		3
5	2		2
7	4		4
8	1		1
9	2		2
391	1	1	2
2	2	1	3
4		2	2
5	3		3
7	1		1
8	1		1
9	1		1
401	1		1
3	1		1
4	1		1

<u>Shifts Worked</u>	<u>Cape Breton</u>	<u>Springhill</u>	<u>Total</u>
405	1		1
6	1		1
7	1		1
410	1		1
1	1		1
4	1		1
8	2		2
9	1		1
420	1		1
1	1		1
2	1		1
430	1		1
431	1		1
442	1		1
446	1		1
457	2		2
458	1		1
460	1		1
477	1		1
481	1		1
	<hr/>		<hr/>
	8287	1329	9616

Comptroller's Office,
January 24th, 1945.

BY MR. FRAWLEY - We are now ready for the submission on behalf of the Municipalities of the County of Cape Breton. Dr. Boyle is here to present the submission of the various Municipalities.

EXHIBIT NO. 34 - Submission of the Municipalities
of the County of Cape Breton.

Dr. T. O. BOYLE then reads the submission as follows:-

To the Honorable Mr. Justice W. F. Carroll, Chairman,
The Honorable Mr. Justice C. C. McLaurin,
Mr. Angus J. Morrison,
Members of the Royal Commission on Coal.

Gentlemen:

This is a brief on the coal industry as it affects the Municipalities of Cape Breton County. It is submitted by the Civic Authorities of the County of Cape Breton. This means The Municipality of the County of Cape Breton, the Town of Dominion, the Town of Glace Bay, the Town of Louisburg, the Town of New Waterford, the Town of North Sydney, the City of Sydney, and the Town of Sydney Mines.

We appreciate the courtesy of the Commission in inviting us to place our views before them and we trust that the Commission will enjoy their stay in our County.

We have adopted the following general principles which guide us in making up this brief:

1. We deal only with Cape Breton County.
2. We answer the direct questions of the Commissioners.
3. We speak on only one point among the terms of reference of the Commission.
4. We present in an Appendix the views of representative citizens of our community.

5. We write exclusively from the point of view of the civic governments of the County.

SECTION ONE

The Commissioners asked for a statement on "the dependence of the general economy of your area on the welfare of the coal industry."

	(People
	(
	(Sources of Revenue
	(
We shall treat of our	(Social Organization
	(
	(Political Organization
	(
	(Outlook for the future.

1. OUR PEOPLE

Our people are predominantly Scottish with a population of 43,800, followed in order by those of English origin numbering 31,200, the Irish who number 15,000, the French with 9,100, and immigrants from Central and South Europe - 2800 citizens - of whom most are second generation and who are good Canadian citizens in every sense. We are thus in Cape Breton County a cross section of Canadian citizenry.

Since the most valuable asset of Canada is her people, every effort must be made not only to preserve this community but to make it grow.

2. SOURCES OF REVENUE OF CAPE BRETON COUNTY

The economy of Cape Breton County is a simple one. Our exports are coal and coal products; steel and steel products. Other exports are not of great moment, except for fish and fish products which provide a steady income for a large number of people, - almost 3000. There are in the County 110,703 people. The income to support this number of

people comes from coal and steel. It must be remembered that we can manufacture steel here in Cape Breton County only because we are able to mine coal here and because iron ore is readily available. Poor as it may be.

We import practically all that we consume, and therefore this County indirectly helps support the rest of Nova Scotia and all Canada. It is also to be noted that we pay large royalties to the Nova Scotia Government, and that our Corporations and our workers pay heavy taxes to the Federal Government. Thus, it is shown that in the Canadian economy, Cape Breton County more than pays its way. Here again we are a decided national asset and more especially is this proved in war time. Our men have enlisted in our Army in the proportion which outweighs our general population.

On coal depends our whole economy. It may be said that our very existence as a wealth-producing industrial area depends upon coal. While the other mining areas of Nova Scotia are valuable and important, yet the Nova Scotia coal industry is virtually confined to our County. We mine 74% of the Province's output. In 1942 Nova Scotia produced 7,200,000 tons, of which 5,300,000 tons came from Cape Breton County. In that same year the average daily working force in all Nova Scotia mines was 11,936, and in Cape Breton County the average daily working force was 8,486, or 76%.

Some population figures of Cape Breton County will be of interest and will aid us in drawing useful conclusions. Cape Breton County is almost totally an industrial community. The total population is 110,703, and of these 97,792 are in industrial sections. The rural population is 12,911. Thus, it can be seen that the population of Cape Breton County is practically totally industrial.

In the mining communities alone there are 62,651 people. In the rural districts the vocation of the people is farming, and/or fishing, and/or lumbering. Since most of these people sell their produce in the coal and steel areas

it can be seen that they depend upon coal mining for their livelihood.

Now I would ask you to pay particular attention to this coming section.

A further breakdown of these figures is needed for a clear understanding of our economy and for forecasting our economic future. Of our 110,000 people, some 37,000 work for their living and help to support dependents. Contrary to general belief the greater part of these 37,000 people do not work in the coal and steel industries. In round figures 9,200 work for the Coal Companies, 6,000 work for the Steel Company, and 4,000 earn their living by farming and fishing, while 18,000 get their income from the tertiary or service industries. The source of these figures is the Department of Unemployment Insurance. It is to be noted that this Department does not collect Unemployment Insurance for domestic servants, nor for teachers, nor for nurses, nor for those who have an income above \$2400. per year. The Department of Unemployment Insurance has registered some 34,000 people on their cards in this county. If we add to this the teachers, the nurses and those who are paid more than \$2400., we can very easily reach the figure of 37,000 people.

By the tertiary or service industries, we mean those engaged in transportation, wholesale and retail trade, communications (telephone and telegraph), the professions, entertainment, hotels and restaurants, municipal, town and Federal services, the building trades, garages, etc. We cannot find comparable figures for earlier years, but a short period of reflection will show that these services have grown steadily as sources of employment over the years.

To give one example of how these service industries have grown, we shall take the New Waterford Bus Service. Ten years ago they employed three men - today 24 obtain employment in the New Waterford Bus Service. In other cases these

figures can be multiplied. These figures should be kept in mind in any industrial planning for Cape Breton County. Their importance lies in the fact that they follow the general trend of the expanding industrial economy of North America. This trend may be illustrated as follows. In 1870 Agriculture took up 53.5% of employment in North America; manufacture took care of 21.9%, and the service industries of 24.5%. (These figures are for the United States).

In 1920 the picture had changed. Manufacturing industries then employed 32.9%, agriculture 27.6%, and service industries 39.4%. In 1930 manufacturing industries had dropped to 30.9%, agriculture to 21.9%, and the service industries had risen to 48.2%.

(These figures are supplied by C. H. Grattan in Harper's Magazine last September. It caused quite a stir and there was a great deal of comment on it, and I believe it is significant for this area with 18,000 in the service industries and only 15,000 in coal and steel.)

In any study of Cape Breton County those figures must be kept in mind. After the war there will be an influx of population, due particularly to those who have left the Armed Services. To take care of them we do not have to depend on coal and steel alone, because there will be a large demand for workers in the tertiary or service industries.

From this we draw the following conclusions and we offer them for your consideration:

First , it is a mistake to believe that the greatest opportunities for employment for our returned men and for our growing population are to be found in coal and steel. (Without coal and steel they would not and could not exist).

Secondly, we believe that because these tertiary industries will be supported by coal and steel it is absolutely necessary that these industries be conducted efficiently, that is, that we get the greatest volume of production at the lowest possible cost. Only thus will our collective wealth

be increased and only thus shall we be able to afford the services which we consider under our next heading.

This industrial trend is cumulative. If we increase our wealth by greater volume of sales of coal, more cheaply produced, our community will be prosperous and will attract other wealth-producing industries to establish themselves here.

3. THE SOCIAL ORGANIZATION OF CAPE BRETON COUNTY

By this is meant the facilities in this County for Education, Cultural Development, Medical Attention, Social Services, Recreation, Housing, Transportation, Entertainment and Home-Labor-Saving devices; to name only some examples.

Before taking each in detail we should like to show why we feel that this is a matter for the concern of a Royal Commission on Coal. Apart from giving the Commission a view of our community in all its economic aspects, we wish to show that in filling these needs for services the providing of this work shall serve to take up any slack in employment in Cape Breton County. We must not fear to have the money to pay for our services as our exports will make possible these measures to preserve the general prosperity of our County.

The second reason for bringing this matter to the attention of the Commission is that we maintain that raising the standard of living of our miners will make them better coal producers and help to recompense them for the difficulties and dangers of an occupation that has few rivals in hazards to life and in toll upon strength. It is too easily forgotten that since 1939 - and not including 1944 (those figures are not available) - 142 men have lost their lives in and around the pits of Nova Scotia. This does not include figures for those who have been injured in coal mining, and have been seriously injured. Everyone familiar with mining communities knows the large number of those who have suffered

from accidents in coal mining. We can see those who suffer from broken backs and broken limbs in a walk about any coal community. The compensation for such injuries is only a slight payment for the loss of the normal functions of life.

Now in this connection the Commission will remember that I asked a question of Mr. McCall concerning injuries in mines. I wish to place on the record as an Exhibit the Mines Report of 1940 in which it gives fatal accidents in the coal mines from 1908 to 1940, with the figures for Nova Scotia and the United States.

EXHIBIT NO. 35 - page 114 from Mines Report
for 1940, Table No. 3,
showing fatal accidents in
coal mines 1908 to 1940.

BY COMMISSIONER McLAURIN - Where is it prepared?

A. By the Department of Mines at Halifax. The compile them in this fashion - Number of men who lost their lives per million tons produced. Of course you take into consideration that where it takes 10 men to raise a ton of coal in Nova Scotia it only takes 5 in the United States. But from the figures you can see that in the United States they are coping with the difficulty and overcoming it, unless there is something that I don't know anything about that accounts for their improvement. The burden of caring for a great many of these people falls upon the communities, even though they did receive certain money. Those who are injured through negligence don't receive compensation. That money inevitably runs out.

BY MR. FRAWLEY- If there is an accident in the mine regardless of cause, the Workmen's Compensation Act applies?

A. Not if a minor breaks the law and in breaking the law he is injured, he does not get compensation.

BY THE CHAIRMAN - I think that is a question you should leave for the reading of the Compensation Act.

BY DR. BOYLE - The point is that inevitably this is a great burden on the communities. I am talking for the Municipalities of Cape Breton, and Cape Breton has a multiplicity of Municipalities, and their financial burden is very great. And besides of course there is the humanitarian side, which naturally is most important. Whatever can be done to prevent and off-set those accidents - I know the safety work carried on in the Steel Works and Coal Mines is very great - but perhaps there might be something done by way of legislation. I would ask that the Commission might investigate it through the men who are most directly concerned in it, those safety men of which Mr. McCall spoke, and then the Overmen, particularly the ones who look after ventilation and travel all around. They have told me lots of times of things that might be improved. I am sorry that I am insisting upon something that you probably appreciate just as much as I do.

BY THE CHAIRMAN - We may appreciate them, but it takes some prodding to give attention to them.

BY DR. BOYLE - I worked in the mines for four years, and the calls we got to the pit were quite frequent.

BY THE CHAIRMAN - And it is most important that the Company take the extreme precaution of safety, because everything that happens in the mines the Company has to pay for indirectly.

BY DR. BOYLE - My friend Mr. Morrison in Glace Bay tells me he thinks our accident percentage here in Nova Scotia, probably for various reasons, is the highest in the world.

DR. BOYLE (continues Brief)

Permit us now to put before you a picture of the present state of these normal social agencies and to point out their inadequacies.

(a) Education. We have 24,500 children aged 14 and under attending our schools. (That is a record. This County is wonderful in its wealth and great in its wealth of children. Our birth rate is very high.) After common school, they have no educational opportunities except to attend

academic high schools which are mainly directed towards preparation for college.

In regard to that, and I will come back on this in the matter of taxation - we have an excellent system of Common and High Schools in this County. We have spent millions of dollars in setting up those schools and maintaining them. We have to take care of some 24,500 children. All of our teachers are normally trained. Our High Schools, however, are mainly directed towards preparation for college. That is not our fault, it is a system we have been brought up on. That is why Nova Scotia has exported so many wonderful men.

DR. BOYLE (continues brief)

In a community such as ours there is manifest need for technical education.

With regard to that it is necessary for me to say that the Commissioners of the Municipality met with the Department of Education and they have decided to set up a system of vocational training and guidance in this county.

BY COMMISSIONER MORRISON - Are there no Technical Schools now operated by the Province?

A. There is not a Technical School in Nova Scotia in the meaning of the term.

BY THE CHAIRMAN - What would you call the Technical College?

A. A Technical College, not a Technical School. I understand a Technical School is for post-school years. The nearest one from here is in St. John, New Brunswick.

BY MR. FRAWLEY - You have not those along with the High School?

A. No, but they are coming. The services we lack in this coal mining community, because we are a coal mining community, - but I will show you why afterwards.

DR. BOYLE (continues brief).

Certainly in our mining communities there should be schools directed towards the education necessary to obtain

mining papers. (There are evening schools, of course).
A community of 110,000 people should also have at least the
courses preparatory to the taking up of professional training.
(This is something I asked the Committee to allow me to put in).
This would demand the setting up of a junior college in this area.

BY THE CHAIRMAN - We should have had it long ago.

A. Yes. If a boy wants to take Engineering, he has to go some
place and take two years preparatory engineering, and the same
with Medicine. I am not running down our County, it is the
finest in Canada, but I want to show you what we have been doing
without.

DR. BOYLE (continues brief)

(b) Cultural Development. In Cape Breton County there
is not to be found a single library. Across all Canada such a
condition of affairs is not to be found in a comparable
community.

BY COMMISSIONER MORRISON - I visited Cape Breton a short time
ago, and I paid a visit to Dr. Tompkins, and he had the beginning
of a very nice library there.

A. He is the man who has been selling this library idea to us
for a number of years.

BY THE CHAIRMAN - I visited a library in Halifax the other
day to get a book that might help us out in this inquiry, and I
must say it is not in a very prominent place, but it is a
regional library operated by one of the best librarians in
this country, Miss Bateson, and another lady that was taken from
some institution in connection with Dalhousie. And I got a book
there that I had seen "Tennessee Valley Authority" which I had
sent to one of the biggest book stores in Toronto to get.

BY MR. FRAWLEY - Was not the Carnegie Fund just as available
to this Province as to any other Province in Canada?

A. I think there is \$10,000 waiting for us.

BY COMMISSIONER MORRISON - Do you tell us that \$10,000 has been

waiting and Cape Breton didn't pick it up.

BY COMMISSIONER McLaurin - Is there no Public Library in Sydney?

A. Yes, but unfortunately there are no books in it. There is an excuse for it, but there is nothing here at all.

BY COMMISSIONER Morrison - In the year 1945?

A. It is not the backwardness of our people, it is the economic condition of a set-up following the mining industry. I will take that up later.

DR. BOYLE (continues brief)

(c) Medical Attention. We have excellent Hospitals because of our system of payment of hospital attention, but for treatment for special sickness our people must go elsewhere.

BY THE CHAIRMAN - That refers more to cancer?

A. Yes, and heart disablements and eye operations.

We have 110,000 people, and if a man gets a special illness he has to go to a smaller community, Halifax, to get treated. That does not make sense.

BY THE CHAIRMAN - And we have to send them to Mayo's from Halifax.

A. Not to the graveyard.

DR. BOYLE (continues brief)

Although we have a large population and many small hospitals - (I don't mean to detract from our Hospitals because we have some of the best) - because of our division into small communities, which results from the demands of coal mining, we do not have the resources commonly to be found in a community of 110,000 people.

(d) Recreation. At present all recreational facilities are provided by voluntary organizations. Naturally these people have limited resources. The problem of juvenile delinquency is a serious one in Cape Breton County. Statistics do not show the true picture because the efforts of our police and courts are directed towards keeping the children out of jail. Hence, no true picture of conditions can be had from our Juvenile Court condemnations. Apart from voluntary efforts to

provide entertainment and amusement for children, nothing is being done for them.

(e) Housing. The housing situation in the City of Sydney and in the towns of Cape Breton County is extremely serious. There is immediate need for new housing for at least 10,000 people.

And I may interject that the common charge made against our communities that the houses are poor and the people live in hovels and cabins and shacks, is not borne out by the facts. Strangers and journalists come in here and write lurid articles in which they describe the Cape Breton people as living under miserable conditions. I can go to Montreal and pick up places, unfortunately, worse than Cape Breton. Some are bad it is true. Take New Waterford for instance, ordinarily speaking Waterford now has far more houses built and owned by the people than rented by the Company, but taking them by and large almost everyone is comfortably housed. Other things could be added. However, the point is that there is immediate need of houses for 10,000 people.

DR. BOYLE (continues brief)

At the present time houses for renting are practically unobtainable. This results in the renting of sets of rooms without proper water and bathroom facilities. Unfortunately the system of Company houses has interfered with our people providing their own houses. (They didn't have the habit, but now through co-operation and training, they are getting into the way of building their houses.)

This has been corrected, to some extent, by co-operative housing, but the difficulty in obtaining materials is such that the building of houses has been stopped. It can readily be seen that should the wealth necessary for such ~~work~~ building be provided by the export of Coal and Steel, the building of houses necessary for our children will easily take up a large amount of any slack in employment.

(f) Transportation. As we shall show in the next section, Cape Breton County is made up of some eight incorporated towns, a very short distance from each other. Naturally such a community has need of good highways and of excellent bus service. While conditions have been improved of late years, there is great need of further improvement. Highways have to be built and maintained, and transportation facilities must be improved. We may note here that sometimes the closing of mines is necessary because of their being worked out. We may go on record as stating that such closing of mines, where they are worked out, cannot be opposed, but our people should be provided with work in new mines and should be enabled to get to their work in as quick and as comfortable a manner as possible.

We realize that our Municipal Governments have a duty to perform in this respect. We shall be able to do so in proportion to the future production of our mines, and the correction of our taxation structure.

(g) Social Services. With the exception of some Health services, practically all our Social Services are provided by voluntary organizations. (The V.O.N. and that sort of thing). These services are limited by the extent of the resources of these voluntary organizations. There is room in Cape Breton County for a vastly increased system of social service.

A legitimate conclusion from the above would be: let us mine and sell all the coal we possibly can, and these tertiary industries will grow and employ our growing population. Besides, these services will give us a more efficient population, greater prosperity, more peaceful conditions.

That answers, I believe, as far as I can, the first question addressed to us by the Commissioners.

4. THE POLITICAL ORGANIZATION OF CAPE BRETON COUNTY

Cape Breton County has an unusual political set-up. It is about 90% urban and 10% rural. The figures are 97,000 and 12,000. However, the Bureau of Census puts the figures as follows: urban 74,000, rural 36,000. But the Bureau has named as urban only those who live within the limits of incorporated towns and in the City of Sydney. Yet on the environs of all the incorporated towns is a large population who are in most matters, except taxation, citizens. Besides this there are mining communities which are classified as rural villages because they are not incorporated. Examples of that are Reserve and Bras d'Or. All these outside the town limits are governed by the Municipality of the County of Cape Breton. Besides this governing unit there are one city government and seven town governments.

The industrial communities are so grouped geographically that they could be regarded as one community. To go from New Waterford to Dominion to Glace Bay to Reserve to Sydney to North Sydney to Sydney Mines and to Bras d'Or takes less than two hours.

BY COMMISSIONER MORRISON: Is there a feeling growing up in Cape Breton the last few years, particularly among the mayors and people who do all this governing that you refer to here, that they could do with less government than they have now and more consolidation in those areas, more central government?

DR. BOYLE : That question was rather carefully avoided by us when drawing up the brief.

BY COMMISSIONER MORRISON: I observe that.

DR. BOYLE: There are benefits, Mr. Morrison, in decentralization.

Q But in this case here we have in this community how many towns, did you say?

A Seven, and one city and a municipal government.

Q For 110,000 people covering an area of this size? Now it would be reasonable to assume that you could get along nicely with less government, and more effective.

DR. BOYLE: Before answering your question I am going to read the next sentence. (Continues) Why then this duplication of government? The answer is to be found in the exigencies of the coal industry. The town must go where the coal is; other industries can come to the desired location.

Supposing you did have a unified government. Supposing you made an opening at Langan. Langan is the nucleus of a community. If you made an opening there you would probably have a new town. When Waterford opened about 1908 or 1909 there was nothing there but farms. Now there is a thriving community. A town starts; they start a government. That is why I am making this whole point, that we have a divided community of 110,000 people because coal mining demands it. Morien was a thriving village in years gone by. They closed down the mines; Morien died. Just enough of it remains to supply 200 or more people to the Glace Bay area to work, where they are not wanted. You see the point I am making that makes it almost impossible to have a unified community.

BY COMMISSIONER MORRISON: I will be quite candid about my views. I should think you could get along without one city government and seven town governments in an area of this size, and another municipal government on top of that.

DR. BOYLE: Well, if the gentlemen of the Commission would draw up a plan for us probably the city fathers ---

BY COMMISSIONER MORRISON: I don't think it comes within our terms of reference.

DR. BOYLE: And certainly not within mine. But we do suffer from this. We should have the services that a community of 110,000 people can demand, because we are not widespread. To go, as I said, from New Waterford to Dominion to Glace Bay to Reserve to Sydney to North Sydney to Sydney Mines to Bras d'Or takes less than two hours. That covers a whole community.

Toronto, I believe, is about 16 miles long; Bloor Street is about 16 miles long; and Montreal as far as I remember is about 20 miles, so we are about the same size.

The results of this set-up are, first, the social service inadequacies described in another section. Second, the great difficulties of taxation; and on this point we pray the Commission to accept some of our recommendations and to lend them its authority.

Now I come to the section on taxation, and with me representing the committee is Mr. R. S. MacLellan, who is town solicitor for the town of New Waterford. He is, as the Chairman will know, an authority on municipal matters, and in regard to taxation if there is any questioning to be done I prefer that you direct it to him, and I believe he will supplement what I am going to say if the Commission so desires.

Industry or Government should be charged with a larger proportion of the necessary social services of the communities of Cape Breton County. We have in mind here particularly the cost of education. We would bring before the Commission a matter which we have touched upon before and that is the fact that the communities of Cape Breton County are disparate because of the demands of the coal mining industry. Where the Department of Mines gives permission for new openings from an underground entrance they should protect the rights of the towns in the matter of taxation.

We will have to explain that. Education takes most of our money in our towns. Now of course the openings are taxed, the pithead, the bankhead, etc., are all taxes. Last year it so happened that one of the mines, I think it was No. 2--from No. 2 they drove an opening up into No. 2, therefore taking coal out of No. 20 through the old entrance of No. 2--quite fine from a mining engineering point of view, but had there been an opening of another sort made the Town would have received extra taxation. The point is that anything underground is free from taxation; the community gets nothing for it. We are not ob-

jecting at all to that method of mining, but we are objecting to the loss of a certain amount of income to the communities which are sorely in need of it,

The history of municipal taxation, in our experience, has been that the incorporated towns have increasing expenses, and at the same time some of their sources of taxation have been taken away from them.

As time goes on the municipalities are taxed with the upkeep of certain health institutions, asylums, etc., and some of their sources of taxation have been taken away from them. I could not list them, but for example they used to be able to tax automobiles; now they cannot.

The town of Dominion is an example, as is also the Morien district. In the town of Dominion they set down an opening, then after a community had grown up and schools and other town services had been provided they moved the opening down a couple of miles outside the town limits. The town therefore lost that income. Now the town is trying to struggle along without that and finding the going pretty tough. That matter is fully covered in a submission that is to be found in the appendix.

It has been suggested that a certain amount of the depletion allowance be earmarked for the towns in the event of mining operations ceasing within their boundaries.

BY THE CHAIRMAN: By depletion, does that cover the royalties that the Company pays to the government? The government of Nova Scotia is really getting $12\frac{1}{2}$ cents for depletion and your word "depletion" covers that as well as reserves?

A Covers the whole thing, depletion and royalty and reserves. The town of Dominion is a startling example of it.

BY THE CHAIRMAN: In that connection, Dr. Boyle, years ago I used to think of something that would assist in the rehabilitation of the deserted villages; I mean in this instance a mine that is closed down and the population has to go somewhere else. It occurred to me at one time--I never went very

far with it--that if the local government and the Coal Company, or other compnies that are operating in this part of the country, would have set aside 1 cent per ton on their output, placed in a trust company where it could increase, say 1 cent a ton by the Company and about $1\frac{1}{2}$ cents by the local government, and when a town became obliterated that would be a fund for the rehabilitation--I don't mean as a pension or anything like that--for the rehabilitation of the persons who were put out of business by the closing down of that mine. If that had been started say 30 years ago it would have taken care of very many instances of that kind in this country.

DR. BOYLE: It would have been a type of insurance?

BY THE CHAIRMAN: Not insurance altogether, rehabilitation, to get those people somewhere else. For example, if they had a home there and their home became no good to them, get them a home somewhere else and set them up again.

DR. BOYLE: That is pretty much along the lines of what we are suggesting, although we are late in starting it. You see, all our recommendations are made in general terms.

BY THE CHAIRMAN: The government of this country is getting $12\frac{1}{2}$ cents for every ton of coal that is being mined out and in that sense they should have something to say about the rehabilitation of people who are put in a position where they cannot help themselves.

DR. BOYLE continues: To cover the matter of this section of our brief we would lay down the following principles: in times gone past the Corporation or Corporations mining coal in Cape Breton County have paid insufficient attention to their social and political responsibilities. By political responsibilities we have in mind the problem of taxation. In the future, due regard to the needs of the community in the matter of taxation must be had by the Corporation and must be enforced by the Mines Department. If special legislation is needed for this the Provincial Government should take care of it.

By the way, in explanation of this matter that I have here it should be brought to your attention--and this is a matter I believe that comes within the purview of the Commission; it is part of the matter that you are considering--with regard to that it should be noted that the Corporation, any corporation, sets its own assessment.

BY COMMISSIONER MORRISON: Haven't all these governments got an assessor of their own?

DR. BOYLE: Well, if you have got an incorporated barber shop or anything, you go down to the city government and you tell them, "There is my value." For instance, the value of the Steel Plant here in Sydney is \$3,000,000.

Q Yes, but if the government doesn't like the assessment that they file with them haven't they recourse to something else?

A Yes. Just as the City sets the assessment for John Citizen John Citizen can go to the court of appeal, and so the Town or City can go to the court and appeal the assessment that the corporation has put upon itself, but they never get very far because they have not access to the documents of proof.

BY MR. MACNEIL: The assessment of the Steel Company, do I understand that you are going to have something to say in your brief?

A I don't know that it is of any great importance.

Q You will probably remember that this Steel Company assessment was before the public only four or five years ago?

A Yes, that is true.

Q You remember, do you not, that the matter came before the City's own court, the City Assessment Appeal Court, which is presided over by the City Magistrate and an Alderman and a third person appointed by the County Court Judge, at the suggestion of the Mayor of the City?

A Yes.

Q And do you remember that the case came before them and that the figure was set by that Court?

A That doesn't disturb the principle I speak of. That was a particular instance in which a particular arrangement was made.

BY THE CHAIRMAN: I think the case has been covered in its entirety. There is an appeal always in these things and the answer of Dr. Boyle is that they cannot get the information to indicate whether it is correct. I suppose the assessor is entitled to go into the books and everything else.

BY COMMISSIONER MORRISON: The assessors are not elected?

BY THE CHAIRMAN: No.

BY MR. MACNEIL: The general procedure--if it is of any interest--the municipal assessor gives the company notice that he is assessing at a certain amount and he requires the company in question if it objects to that figure to file its valuation under oath. It was not put in for the protection of the companies; it was to compel the companies to disclose their valuation under oath.

BY THE CHAIRMAN: That is under the Towns Incorporation Act? You have a separate incorporation act for the City of Sydney?

MR. MACNEIL: Yes. In the City of Sydney you don't get beyond the City Appeal Court. You are not allowed to appeal to the County Court; you are in the towns. I do know because I have been through a great number of these appeals. Dr. Boyle speaks of the difficulty of the municipality getting evidence. Well, you don't need evidence. They can act on their own ideas and they usually confirm the assessor's figure.

BY COMMISSIONER MORRISON: Surely you are not casting the reflection on the Court that they don't need evidence?

MR. MACNEIL: It is not an aspersion at all, but under the statute.

DR. BOYLE continues Brief: We would also suggest in line with the brief of the United Mines Workers of America that Cape Breton County be treated as a special area and that it be given the ability to borrow money, under the post-war

reconstruction plan, for its special liabilities.

That paragraph should be changed slightly. I had anticipated that this matter would be treated in the brief of the United Mine Workers. It appears that there is some fund set aside for that purpose, of which I don't know much--Mr. Wade will give you the information is you so desire--and that Cape Breton should be declared one of those areas that can get a long-term loan.

The liabilities for unemployment relief which were assumed some ten or twelve years ago by the municipalities should be removed. This load today rests upon the towns and it should be assumed by the National Government. We would make this one of our recommendations. The towns of Cape Breton County today bear a large proportion (1/3) of the load of the money which was paid out in unemployment relief some twelve years ago. This is unjust and such expenses should not fall upon the local governments, especially in view of their reduced income.

The connection with coal is that it keeps us from having those things that miners should have to recompense themselves for the hardest type of work that can be found.

5. OUTLOOK FOR THE FUTURE

An account of the economic structure of a community must take into view one psychological factor, namely, the mental attitude of the people towards the future of their community and its industries. Also, of the opinion concerning the industries which is held by the rest of the nation.

We must admit there exists in many minds a gloomy and pessimistic view of our coal industry. Evidence of this abounds. The industry is regarded as a depressed one; it is claimed by some that it is parasitical, not being able to exist without heavy government subsidies; that it should be curtailed, if not closed down. We object strongly to this view and we hold that it is the result of deliberate propaganda and is fostered by misconceptions.

Our contention is that the Cape Breton coal industry has been profitable in the past, and that with intelligent action by government, management, and labor it can be made even more profitable in the future.

It is true that we have had our difficulties, evidenced by the many Commissions appointed to investigate the industry, and by the emergency legislation enacted, but this is also true of wheat, another great national asset. Our difficulties are great but not to be compared with our advantages. This great national resource can supply us with wealth, with the material goods of life for over a century to come, and our attitude should be one of aggressive optimism and confidence.

The causes of this pessimism are:

(1) Propaganda. Upper Canadians usually refer to our ruinous drain on Canada's treasury for subventions. Anyone familiar with Ontario has heard this very often. The truth is that Ontario's highly protected industries are as costly to the taxpayer and to the consumer as coal is. The difference lies in the method of applying the protection. In practically every article bought in Cape Breton we pay subventions to Upper Canada.

You can go out and buy a neck-tie. You don't know you are paying it, but you are paying subventions to Upper Canada, but ours is out in the open.

BY COMMISSIONER MORRISON: Like painless dentistry?

DR. BOYLE: Yes, but ours is very painful apparently to our friends up above. I remember having discussions in Toronto and I could never convince anybody that Cape Breton coal was an economic industry.

BY COMMISSIONER McLAURIN: What is your position going to be in the transition that is taking place in the world in regard to multilateral trade. The trend seems to be that Upper Canada may abandon their tariffs, not from any altruistic motive, but what if there is a complete change and Central Canada for its own welfare abandons its tariff? Then we are not

in as good a position to talk of subventions, are we?

DR. BOYLE: Well, of course we will sell our coal in Massachusetts.

BY COMMISSIONER McLAURIN: We already have evidence from Dr. Gray that the Massachusetts market does not exist. you have free trade now. There is no duty against your coal going into Massachusetts right today. I understand that the countervailing duty on coal going into Massachusetts was removed before the war ever started.

DR. BOYLE: I am sorry. I don't know the answer to that question.

BY COMMISSIONER McLAURIN: The pronouncement of Bretton Woods, Morgenthau and many liberal minded thinkers feel that the peace of the world can only be secured on the basis of a free-trading world. That may mean Upper Canada may be a free trading country.

DR. BOYLE: If that contingency should take place of course we should have to abandon this stand here, but of course I am basing my remarks on present conditions. (Continues)

(2) The Pessimistic view also results from the friction that has too often existed between labor and capital and the lack of smoothness in their collective bargaining.

(3) The soft coal industry has been in a demoralized condition in the United States and Britain. The industrial era that coal made possible outgrew its parent and needed it less and less.

We cannot too strongly emphasize the difference between the industry in Canada and, on the other hand, in the United States and England. In these other countries they have a productive capacity which exceeds their national and export market; we have a productive capacity that cannot fill our national requirements. This is a basic difference.

However the fact remains that the demoralized condition of coal in the States and England has caused coal in a general way to be regarded in a poor light. The general strike

in 1926 in England and the continual squabbling in the United States has given coal a black eye.

If Canada wishes to remain a nation arbitrarily set up according to arbitrary geographical divisions she must take means to consume all the coal that can be produced within her borders.

(4) A final cause of pessimism regarding coal that may be mentioned is the growth of gas, oil and hydro-electricity as energy producers. The United States Bureau of Mines studied this problem and in its report says:

"Experience and competent authority concede to gas, oil, and hydro-electric power some advantages in uses for which, respectively, they are best adapted, but competent engineers have expressed the view that in the conditions which are met in the major portion of the energy market a given expenditure for coal will bring greater returns in kilowatt hours of energy than the same expenditure for competing energy producers." U. S. Bureau of Mines, Report No. E-9, page 337-8.

Any other attitude is entirely unjustified and disastrous in its implications. We should recommend that in Cape Breton County our attitude towards Coal and Coal problems should be one of strict optimism. We believe that the optimistic viewpoint is responsible for a great part of economic advancement.

Something of the Babbitt business, the Rotarian, back-slapping business. That is what we have been lacking very considerably in Cape Breton.

BY COMMISSIONER MORRISON: Together with a vivid imagination.

DR. BOYLE: We have got to have something on the ball. (Continues) We object strongly to the view that our coal industry is a depressed one and we maintain that on the contrary, because of the geographic position of the Canadian nation, our

outlook should be one of hope and confidence. We trust that the Commission's findings will bear out this attitude.

SECTION TWO

After the summary of the economic and allied factors of Cape Breton County we are in a position to answer another question which the Commission has posed. It is "What would be the effect of any changing levels of production of coal in your area on the general welfare of your community? How far-reaching, for example, would be the effect of 10%, 25%, 50% reduction in coal operations in Cape Breton?"

When I read that from the Commissioners the chills ran up and down my back. Is that what they have in mind, I thought.

BY THE CHAIRMAN: Oh no, we wanted to find out what the effect would be.

DR. BOYLE continues: We shall approach this question from several directions.

First, from what we have written in Part One. As we have seen, the base upon which our whole economic structure is built is coal. Failing the introduction of any other industry to take its place, we should anticipate a reduction in coal operations would be followed by a decline up to a corresponding percentage in the standard of living of the miners and also in that of the greater number of people in the industries serving the miners.

Second, from the point of view of the causes of the decline in production. (a) It might come from a general, nation-wide depression. We know from sad experience what the effect of such a decline would be. Let us compare the 3 year period from 1928 to 1930 to the following 3 year period from 1931 to 1933. In the first period the average production was 6,600,000 tons. The average of the next 3 years was 4,500,000 tons, a reduction of 1,100,000 tons, or 32%, which is about the mean figure in the Commission's question. The effects were horrible and are still felt. The money loss we can put at 25% or $4\frac{1}{2}$ million dollars.

(b) The decline might come from declining markets because of the withdrawing of subventions, or conceivably, from a desire of the operators to curtail production, or from unjustifiably high costs, or as a result of the recommendation of some Royal Commission, or from the decision to abandon some mines and to open no others. In all these cases it is possible that steel should continue at capacity. Should this happen the effect upon the County would not be so great as during a depression and some of the displaced miners would find work elsewhere, but the mining communities, some 65,000 people, would suffer a severe dislocation, the severity of which would depend on the suddenness or gradualness of the curtailment. However, may we say emphatically that we can conceive of no possible reason why there should be a curtailment of production deliberately undertaken by government or operators.

Third, we approach the question of the Commissioners from the viewpoint of the nation at war. Here we find that the contingency that the Commissioners talk of has actually taken place. The production of coal in Nova Scotia in 1944 is down 2 million tons from 1941. This represents a deduction of 26%. This is the mean figure of the Commission's inquiry. Now if we inquire into the effect upon our economic life we shall find that it is nil. The reason is that we have continued to receive the same, or greater, income in wages as we did in 1941.

This leads us to a basic principle which, we submit, should be clearly kept in mind all through this inquiry. That is, that we cannot judge a wartime industry by peacetime principles. In other words, we must remember that the economics of free enterprise cannot be applied to government controlled and regulated production, distribution and sale. The functions of the fuel board are now taken over by the Wartime Industries Control Board, which sets prices and governs production.

No deductions from the present facts of the industry can be legitimately made in the light of traditional economic principles. Hence, we believe that there are two distinct sets

of conclusions possible from any survey of the coal industry today: conclusions valid for war conditions and such are based upon wartime exigencies, and conclusions valid for peacetime conditions and based solely on data taken from normal peacetime operations.

A concise answer to the Commissioners' question is that we should regard a postwar reduction in our coal output as a Local and National disaster.

SECTION THREE

COSTS OF PRODUCTION

"The Commission would like to hear from you on any other aspects of the coal problem in which you are interested."

Without professing any technical knowledge of mining, and not having access to all the data necessary for exact judgments, nevertheless we feel that as residents of a community so largely devoted to mining we might, with profit to the Commission, put before it some impressions and beliefs that are held by the people at large. Even without the apparatus of scientific proof, there must be conceded to the men who make their living from mining a valuable knowledge of the business in which they are engaged day after day. For this reason we put a notice in the press inviting the citizens to present their views to us. Some have done so in writing - the written reports are appended to this brief - and some orally. The Commission will be in a position to check the figures and statements which are to be found in these communications.

You understand in making up this brief our desire was that we wanted the views of the people. We could have burrowed in some library and presented you with a set of statistics, etc., but we thought that a useful purpose would be served by going out among the miners themselves and asking them what the score was, and that is what we are going to put before you here. A great deal of it is naturally incapable of exact proof but it is capable of investigation.

DR. BOYLE continues: We have chosen to group our statements around the general heading of costs of production.

First, we shall define what we mean by cost of Coal. We understand by this, the cost to the consumer. Markets for coal depend upon the demand for energy. Therefore, the true cost of coal is the cost of producing a unit of energy in the form of heat, steam or electricity.

This cost is determined by (1) the cost of mining
(2) the cost of delivery
(3) the energy content of coal
(4) the efficiency of combustion

1. The Cost of Mining

The factors that enter the cost of mining, to use the standards of the Fuel Board of Canada, are labor, stores, power, depletion and depreciation, administration and taxes, and sales.

Labor is largest cost of mining. The current impression is that they are out of line in Cape Breton. A Nova Scotia periodical stated lately that over the past ten years a reduction of 2% would have changed a loss to a profit. A false impression is given by such statements. The fault is not with the proportion of labor costs to total mining costs, but with the output per man-day. Many say bluntly that the only hope for the Cape Breton coalfields is in lower wages. From this view we dissociate ourselves entirely.

During the past ten years the proportion of the total cost of mining coal which was paid in wages was as follows:
1933 - 49%; 1934 - 51%; 1935 - 52%; 1936 - 53%; 1937 - 54%;
1938 - 53%; 1939 - 53%; 1940 - 55%; 1941 - 55%; 1942 - 58%;
1943 - 59%. Thus in peacetime it ranged from 49% to 54%.
These figures are from the Dominion Fuel Board. Comparable figures in the United States are as follows: in representative deep hand-loading mines the proportion of total cost that is paid to labor runs from 61% to 81%.

It will be seen that in Nova Scotia, labor costs are not out of line. In the most efficient underground mines in the United States, those which use machine loading, the proportion is 50% to 52%. However, it is the man-days required to produce a given quantity that is most important because it has a direct effect upon labor costs. The output per man-day in Nova Scotia runs from a high of 2.33 in 1936 to a low of 1.8 in 1943 (we have been told that for 1944 the figure is 1.5). It is to be noted that these figures cover all Nova Scotia. Here is an important point from our point of view in Cape Breton. Costs for Cape Breton County may, therefore, suffer by being included in the total for all the mines of the Province. I attempted to find it out last night but it would have been too late to be included in this brief. We have the bigger portion of the industry in Cape Breton County, we have the best type of coal, but in any statistical information published by the Government we are put in with all of Nova Scotia, and we suffer from the fact.

The output per mining day in the United States for deep mines was in 1933, 4.6 tons and in 1936, 4.4 tons. Compared with the United States our labor costs per ton are not an excessive percentage of the total costs of mining. We suffer in not being able to obtain the same output per man-day. Our aim should be to increase our production per shift worked. As stated above, the United States labors under the disadvantage of having a productive capacity which exceeds the market capacity. We enjoy the advantage in Canada of being able to consume every ton of coal that we can mine.

MEANS OF INCREASING PRODUCTION

Considered as a wartime problem it is generally agreed that at the present moment the fall in production is due to a lack of producers. We have been told that in this County the mines are short 600 men at the coal. There is not general agreement as to the cause of this. We shall list some of the causes. The first is enlistments in the Armed Forces. It would

appear, however, that this would account no so much for a lack of trained miners as of potential miners, because of the low age of most soldiers.

A second cause is the incidence of the Income Tax. There is a natural reluctance to do harder work with the effect of being put in a higher tax bracket and earning very little more money for the extra effort.

A man goes to the face and works five shifts; he has three children. His tax as he is at present is \$3. If he takes that extra work and goes to the face and makes that extra money, supposing he gets \$63 his tax jumps from \$3 to \$18 and his work jumps also in difficulty; consequently that particular thing, the incidence of the income tax, has had a great deal to do with keeping men away from the coal face.

The third cause is the fact that the differential between datal men and contract man has been disturbed. In 1928 the datal men's rate was \$3.65, today it is \$4.00. Both classes received the same recent increase, \$1.57. The contract man's rate has been unchanged where it has not been lowered.

I have here the 1928, 1937 and 1943 contract rates with the U.M.W. If you look at them you will find that the contract man's wages in some cases have gone down; the datal man's wages have gone up. I am perfectly willing that the datal man should go up but the contract man should also go up.

BY MR. KELLEY: In that rate did you include the \$1 a day that was granted?

DR. BOYLE: That is in the next sentence. Both received the same increase but that would not disturb the differential.

BY COMMISSIONER MORRISON: It should be \$1.77.

DR. BOYLE: You are right. It should be \$1.77. That is the cost of living bonus plus \$1 a day. (Continues) However, those figures do not give a true picture of the wages of both types of workers. During wartime because of the demand for production and because of the dislocation of normal working

conditions a practice has grown up in the mines of giving datal men more than one shift in an eight hour period. This results in the inequitable result of enabling shift men to earn more than contract men. Hence, while the differential in wages as stated in the contract would appear to favor the contract man, in reality datal men may bring home more pay for a week's work than contract men. This is an abuse, and detracts from production.

A fourth cause suggested to us is found in the failure on the part of management to use their powers of directing the working force so as to keep men at the coal. The following quotation is taken from the Agreement between Dominion Coal Co. Ltd., Cape Breton and Springhill, and District No. 26, United Mine Workers of America, effective November 1st, 1943: "The Management of the mine and the direction of the working force is vested exclusively in the operator and the United Mine Workers of America shall not abridge this right in accordance with the terms of this Agreement."

Finally, there is wastage. It is evident from what we can learn that both management and labor are to blame here. Herbert Hoover, when Secretary of Commerce, made a study of wastage in industry and found that the blame for 50% of industrial wastage was to be laid to management and 25% to labor; I presume the other 25% to unavoidable causes.

In considering the remedy for this state of affairs we distinguish between wartime and peacetime conditions. Some of the causes given above operate in both periods - some only during wartime.

An interim report of the Commission concerning wartime conditions, based particularly upon Income Tax findings, would be necessary for any immediate correction.

BY THE CHAIRMAN: I may tell you that there was a very strong recommendation made about a year ago to the Department of Labor. They made a recommendation then that for all overtime work there should be no income tax accepted, and also

some other recommendations, one of which I believe has been made effective--that is the question of compulsory savings--and I think perhaps that report should have had more effect at the time than it did. It would be useless for us to make any recommendation of that kind in the interim.

DR. BOYLE continues: For the promotion of peacetime production to higher than the average of 1933 to 1940 we suggest for your consideration the following means:

First. The promotion and extension of labor-management production committees. These are already in existence in some mines. They are now in the early and most difficult period of their existence. They deserve to be carefully fostered. Such committees have proved their worth in all industries. From the nature of mining their success should be even greater in this industry. Success will depend upon frank and honest co-operation for the common good. Only from greater production can increased wealth come and only from increased wealth can greater wages and profits be derived, and it is to be expected that such committees will also improve the functioning of collective bargaining in the industry and help remove the causes of conflict and friction between workers and managers.

Our second suggestion is that some effort should be made to prevent a man being penalized through income tax for extra effort at producing coal. The problem is concerned principally with a man being moved into a higher tax bracket. We know that the Federal Government has given this matter much study.

Our third suggestion is the improving of mining methods. Mechanical loading should be thoroughly investigated as to the possibility of its use in our various mines. If suitable machinery is found it should be installed.

Technological advances when discovered are bound to be put to use. Experience shows that this process cannot be stopped, although it may be impeded for a time. In the event of the displacing of labor, account should be taken of the human factor.

Should volume be increased it is possible that employment would not decrease and we have the markets to absorb extra volume. The necessary adjustments could also be made, as we suggested above, by increased opportunities for employment in the service industries. With good will on all sides these human adjustments could be made without individual suffering and with gain to the community.

For the information of the Commission we insert the following quotations from a study of mechanical mining published by the United States Bureau of Mines. That covers three pages.

BY THE CHAIRMAN: You needn't read it. It will go on the record.

"The major purpose of mechanization in bituminous mining is to reduce cost, and this in turn is directed toward increasing profit or forestalling loss either by selling more goods or by realizing better margins on sales made. Efforts to safeguard reasonable margins may be expected to be an essential element in any program of market stabilization, but in the long run the forces of competition will without doubt tend to translate savings in the cost of mining into increased sales. Although mechanization in most forms tends to diminish the amount of labor required to produce a given unit of product, its effect on employment in a particular mine, in an area, or in the industry will ultimately depend upon the success that operators have in translating reduced costs into increased sales.

"The cost of coal-generated energy depends upon the cost of mining, the cost of delivering coal to the point of use, the energy content of the coal delivered, and the efficiency with which heat units of the coal are transformed into energy in the form of steam or electricity. Although the labor cost of mining coal is only one of the items in total cost, it is a highly important item. Labor cost for underground mines according to the latest figures of the National Bituminous Coal Commission ranges from 52 to 68 percent of total production, administration and selling cost. In underground mines

the average percentage of labor cost is highest in hand-loading mines and lowest in mines that have the most efficient installations of machine loading. In a representative group of hand-loading mines located in Michigan, Illinois, Indiana, Kansas, Missouri, Texas, parts of Oklahoma, and New Mexico, the National Bituminous Coal Commission found labor costs to be between 61 and 81 percent of total costs, whereas in a group of mechanical-loading mines in Illinois and Indiana labor costs ran from 50 to 52 percent. In any case the number of man-days required to produce a given quantity of coal has a direct effect on labor cost and therefore on the price at which coal can be profitably sold.

"Decision in reference to mechanization rests in the first instance with the individual operator, subject to such restraints as resource conditions, financial requirements, collective bargaining, and generally policy may impose. Results of procedure adopted by other operators, both successful and unsuccessful, supplemented by a thorough study of his individual problem, are the guides upon which an operator must depend in planning new installations. Plunging suddenly into new processes without careful study of all factors involved frequently means, as it has meant in many coal mines, that expensive equipment is installed without necessary preparation and with great prejudice to possible savings.

"Human adjustments must always be made as technology advances. Policies which operators follow in adjusting labor forces to mechanized operation have important bearing on employment. This phase of mechanization could not be studied comprehensively in the course of the present inquiry, but there is evidence that operators who have installed mechanical loading in cooperation with workers have found that policy advantageous, although evidence is lacking that avoidance of displacements was a generally policy in mechanized mines. Most of the operators who adopted mechanical loading in the twenties did so under great competitive pressure, and many of them

were not in a position to give much attention to the effect of mechanization on employment. Naturally the least disturbance occurred in those mines in which mechanization proceeded at a pace which obviated necessity for displacing individual workers. In southern Wyoming, where mechanization of loading is now practically complete, normal turn-over and adjustments in hiring new help were in general depended upon to take up the slack in the labor force occasioned by mechanization.

"Bituminous mines that are not highly mechanized call for greater versatility on the part of workers than is found in industries in which skills are more specialized, and the character of work enables the miners to adapt themselves to new processes with a minimum of difficulty. Machine loading nevertheless involves higher specialization than hand loading, and the miner must be able to work with the machine and to adjust himself to its temp. Operators in southern Illinois whose mines have become highly mechanized testify that able bodied miners, except those advanced in years, readily meet the requirements of machine operation. It is conceded, however, that installation of new machines usually necessitates providing alternate working places for employees who cannot acquire the new skills.

" The official attitude of the United Mine Workers toward mechanization has been somewhat in contrast with that taken by many other unions. Because new techniques are assumed to displace labor, workers in the past have frequently offered vigorous resistance to them. Although such resistance seldom prevents mechanization, it may delay the movement and it frequently shifts the angle from which employers undertake it. Union opposition to mechanization in bituminous mining has come largely from local groups and has not been a reflection of general policy.--(Report Number E-9, Bureau of Mines, U.S.A. Pages 334, seqq. 1939)

A fourth suggestion is the minimum annual wage. A proposal was put forward by the United Mine Workers in 1937 in the United States which reads as follows: "A minimum of

200 days employment each year shall be guaranteed to all mine workers employed in and around the mines, Day men shall be paid the regular rates of pay provided in district wage agreements for each day less than the guaranteed 200, and tonnage men shall be paid a basic day rate for each day less than the guaranteed 200."

I simply put that on the record to show how the minimum wage is worked out in coal mining. The best authority we have on that I think is Philip Murray. He has been preaching that for quite a time now.

A fifth suggestion is that all men in and around the pit shall be paid by contract. As a result their wages would depend upon the tonnage produced by the mine and the mine production would be reflected in the pay envelope.

You will understand that this is a composite brief representing the views of the citizens of this county and I am putting in all the suggestions.

BY COMMISSIONER MORRISON: There may have been miners giving that view but a lot of them are not miners and have never been in a mine in their lives.

DR. BOYLE: Oh, but a lot of this came from miners. (Continues) A sixth basic suggestion would be the improvement in the Master Plan for the exploitation of Cape Breton coal. At the present time the Corporation responsible for the mining of coal has practically dictatorial powers. The coal belongs to the people of Nova Scotia and our Regulations Act carefully lays down rules for the conduct of the industry through and by the Mines Department. It is the general impression among our people, and the Commission will understand that this statement is incapable of proof by the ordinary citizen, that the Mines Department has to all intents and purposes abdicated its functions. We do not make this statement by way of a charge so much as by a suggestion that the Commission investigate this matter.

The point here is that the exploitation of coal in Cape Breton should be a matter for government concern. Naturally the Government has a Department of Mines. The people of Nova Scotia through its government own the coal. They should have the ability to lay down a plan for the development of this coalfield and that should be strictly adhered to. They should be the ones to say whether an opening is to take place or whether it is not.

BY COMMISSIONER McLAURIN: The Company cannot make an opening now without permission.

A True, that is the law.

Q There is quite a measure of regulation?

A Perhaps we should put it this way: it is the general impression among our people that the Mines Department is not on its job, that the Mines Department has not the ultimate say-so in what mines shall be closed or where a mine shall be opened.

BY THE CHAIRMAN: I understand this is just for our information so that we may be able to follow it up later.

: It has certain things to do. That power is given them by virtue of the Mines Act, and is it the suggestion here that they are not attending to the immediate duties that were thrust upon them by the Legislature of Nova Scotia?

DR. BOYLE: I have received that from various quarters. Of course you understand that this is not a personal accusation against any person. It is a thing that has grown up over the years. The charge is made that No. 1 mine was opened at the wrong place. Things like that, you see, and that they should not have put the Gardiner opening where it was. Well, the impression is that the decision is the Company's and the Company's alone, and that the Mines Department rubber stamps it.

BY COMMISSIONER McLAURIN: I don't know what we are going to do about it unless there are some people who are public-spirited enough in the County of Cape Breton, who will have the courage and character to come forward and establish their statements.

BY MR. FRAWLEY: The thing that concerns me more is the scope of the legislation. Supposing the province of Nova Scotia didn't own one pound of this coal. You still would have the Coal Mines Regulation Act to say how an entry will be made, how wide it will be, etc. That is the function of the Act, to regulate the operation of the mine.

BY MR. COHEN: There are two statutes.

DR. BOYLE: I am referring mostly to the Mines Act.

(Continues) Regarding the Mines Act we should like to bring to the attention of the Commission the plight of some of the mining communities of Cape Breton because their fate depends upon the action taken by the Mines Department and the Corporation. We refer particularly to Bras d'Or, Port Morien and Broughton. In connection with this matter we append several local submissions.

The problem at Bras d'Or is tied up with the question of sub-leases. A separate brief is to be presented to the Commission on this matter by the citizens of that community.

It is wrong from the viewpoint of any acceptable social philosophy that the Corporation should be in a position to sign the death warrant for such communities. We would recommend that the monopolistic features of the present larger operator be to some extent curtailed, due regard being had to economic production. We should also recommend that the mines department of Nova Scotia be more authoritative for what we have called the Master Plan in the exploitation of Cape Breton coal resources. This would necessitate the extension of that Department in resources and in personnel.

BY MR. FRAWLEY: That Master Plan, is that just your expression?

DR. BOYLE: Yes, it is a sort of over-all plan for the production of coal. It covers the whole field, all known coal resources in Cape Breton.

The Morien district today mines no coal, yet there are present in the Morien basin large and valuable deposits. The

The decision to close this operation apparently rested solely with the Corporation. The miners of Dominion No. 6, Morien and Birch Grove number some 600 men. At present they find employment in the Glace Bay area. Should a new opening be made in the Morien district this would have two effects: to lessen congestion in Glace Bay and to help the Morien district.

The only contrary argument that can be advanced is the lack of sales of coal. It is clear from what we have written that we are basing our whole argument on the fact that Canada cannot produce all the coal it consumes and if we are to continue to be a political unit every section of the country must make the necessary national sacrifices. Volume of production in Cape Breton should have only one standard of measurement and that is the largest volume that can be mined.

The suggestion of a Government adopted over-all plan would, in our opinion, prevent the mistake of ill-chosen openings and promote the orderly progress of the industry.

BY MR. McCALL: Is it your contention then that the Department of Mines is not promoting the orderly progress of the industry?

DR. BOYLE: That is exactly what is stated, sir.

MR. McCALL: Thank you.

DR. BOYLE: Seventh. There is also room, from what we can learn, for better engineering and planning in the individual mines. According to the Mines Regulations Act of Nova Scotia there is vested in the manager complete responsibility for the production of coal. We are informed, however, that the manager has no authority to change plans and blueprints of projection that are handed to him. In actual mining practice, from the very nature of the case, no long term plans can be in every wise rigid and unchangeable. There is continual need for adaptations. Under the present system these can only be made by higher authority than the manager, with consequent delay and without the benefit of the expert knowledge of those who are actually engaged in

the mining of coal. In this matter we would recommend that the mining regulations of the Province be enforced.

BY COMMISSIONER MORRISON: I don't like to interrupt you but I think that is very important. You say "from what we can learn." Now is there any evidence you can produce on this subject?

A That is a provable fact. You see, all you would have to do would be to ask any mine manager if he has this authority according to law, if he can exercise it, if the fact that he cannot exercise it results in difficulties in mining. I put it before you because, as I have said, you want to get down to the bottom of this coal difficulty.

Q That's right, and we want facts.

A Well, as I told you in explaining at the beginning how this brief was made, there is a fact that you can ascertain.

Q Then you went on, sir, and you said that any of the managers would come and tell us that story. I am just wondering if their job would be there for them when they went back.

A Oh, I think so. I believe that these things are not a result of ill-will so much as a custom, you understand.

BY MR. FRAWLEY: I would like to understand and see just what it amounts to. You say that the manager has the complete responsibility for the production of coal, then you say that in the Cape Breton mines the manager doesn't choose to exercise that himself, or he is instructed by his superiors before he makes any changes?

DR. BOYLE: I have been informed by quite a number of men actually engaged in mining that that is a difficulty in production that interferes with production.

BY MR. FRAWLEY: I am wondering now. Suppose that I owned a mine and I had a mine manager, as I would have to have, and this statute gave him the right to make certain changes in the operation, but wouldn't I expect him to come and consult with me, who had the capital risk there, before he made any changes? If that is the kind of thing you are speaking of,

the desire on the part of the owner of the property that the manager should come and discuss with management certain things, at the moment that would seem to be just good business.

BY COMMISSIONER McLAURIN: I would suggest that if it is not further clarified in the brief we drop it.

BY THE CHAIRMAN: What you are saying is that the regulations of the Mines Department and of the Government of Nova Scotia by statute give certain powers to the manager?

A To the manager.

Q And that the manager is refusing in some cases, or is prohibited in some cases, to follow out his authority?

A That is what I have been told.

BY COMMISSIONER McLAURIN: What higher authority do you refer to?

A Oh, probably the engineering department.

Q This talks about under the present system this can only be made by a higher authority. Now is the higher authority somebody specified by the Act?

A No, it is a practice there that is considered to be wrong.

Q Then if it is contrary to the provisions of the Mines Act it means that somebody in a corporate position is acting in violation of the Act?

BY THE CHAIRMAN: And it may also mean that it is a very bad regulation. I would think that if all that power is given to the mine manager, irrespective of the ideas of the engineer who has control of the mines in that regard, that it is very poor, . . miserable legislation.

BY MR. FRAWLEY: Never mind the engineer; consider the owner.

BY COMMISSIONER MORRISON: The regulation in this is that the mine manager as the man with a certificate is held responsible by the Department of Mines, and the owner may not be a certificated man, and the law provides that there may be no interference by the owner, that the manager will be held

responsible for the safety.

BY THE CHAIRMAN: Why give all that power to the mine manager who knows nothing about the engineering to be done in that mine?

BY MR. FRAWLEY: Suppose it costs \$100,000 ---

BY COMMISSIONER McLURIN: I will tell you what I suggest. I think we had better get somebody in the box who knows more about it than you and I and Dr. Boyle and two of the Commissioners.

BY THE CHAIRMAN: No, I don't agree. This suggestion is made and it is my idea that we should take it up with the Department of Mines. We shall be in Halifax next week, Mr. Frawley, meeting with the Government.

BY MR. FRAWLEY: Oh, certainly.

BY THE CHAIRMAN: Dr. Boyle is simply acting for the Municipality of Cape Breton and the towns, and they are passing on that suggestion for our investigation.

DR. BOYLE: Everything in this submission has the approval and vote of the committee of mayors, etc. As a matter of fact I had some things in that they took out.

BY COMMISSIONER MORRISON: Mr. MacNeil, would you be kind enough to furnish the Commission with a copy of the Coal Mines Regulations Act for the Province of Nova Scotia?

MR. MACNEIL: Mr. Frawley just asked for it a moment ago. We will get him that.

DR. BOYLE continues reading brief:

Eighth. In negotiations between the Union and the Corporation for the signing of a contract it appears to us that there is room for improvement. At the present time these negotiations are conducted between the superior officers of the Corporation and the executive of the Union. The contract covers all the mines and they, naturally, have varied problems. It would appear to be logical that in the course of these negotiations, when the terms of the contract for each mine are being considered, that the Corporation should be represented by the

local manager and his assistants and that the Union should be represented by a committee from the mine Local. These would sit in with the executive officers of the Corporation and the Union.

BY COMMISSIONER MORRISON: They do that.

DR. BOYLE: They don't do it here. It is all done among the top officers of both the Union and the Company.

Ninth. At the present time, according to the information that we have, there are no men experienced in coal mining among the Directors of the Dominion Steel and Coal Corporation. By that I mean men who have technical training and long experience in mining. These men are the policy makers for the Corporation, and it would appear reasonable that there should be among them a man experienced in all phases of coal mining. It would be clearly understood that, while we might favor the election to the Board of Directors of a man from among the workers, we are not at the present time making this a recommendation. What we desire is that there should be on the Board of Directors a man, whatever his background, who knows the problems of coal mining. No matter what his competence, a subordinate man has not the freedom of expression, and the authority to enforce his advice, which is to be found among the top flight executives of a Corporation.

Tenth. We recommend that the differential in wage rates be adjusted through collective bargaining so that men working at the coal face shall be enabled to make a distinctly higher wage than datal men.

These suggestions, which have come to us from many of our citizens, we offer to the Commission in the hope that they will be helpful.

We would commend the Company for the organization within recent years of its personnel department and we should also commend both the Corporation and the workers for the beginning they have made in setting up production committees. We as citizens are vitally interested in the peaceful, continued and efficient operation of the industry.

4.15 P.M. - COMMISSION ADJOURNED.

A.R.
C.XVII

510484
Canada. Coal, Royal Commission on
Minutes . . .
v.5¹-8

University of Toronto
Library

DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET

Acme Library Card Pocket
LOWE-MARTIN CO. LIMITED

